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SAN FRANCISCO
PORT COMMISSION

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SPECIAL MEETING – PLEASE NOTE THE DATE/TIME OF THE MEETING
→→→3:00 P.M., TUESDAY, JANUARY 12, 1999←←←
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS / PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Triangle property at Seawall Lot 300/301
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
Alioto's: Nunzio Alioto*

An executive session has been calendared to discuss real estate negotiations between the Port and Alioto's regarding property located at Jefferson Street.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

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CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
JANUARY 12, 1999

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 3:05 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. NEW BUSINESS / PUBLIC COMMENT

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:07 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Triangle property at Seawall Lot 300/301
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
Alioto's: Nunzio Alioto*

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

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4. RECONVENE IN OPEN SESSION

At 4:25 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:26 p.m.

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING
4:00 P.M. TUESDAY, JANUARY 12, 1999
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - December 17, 1998 Special Meeting

3. **EXECUTIVE**

   A. Election of Officers

   B. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE**

   A. Informational presentation on the status of negotiations between the Port and the Pan Pacific Expo Group for Expo 2002.

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

   A. Resolution directing staff to present to Commission any bona fide offer to fund substantial new open space and public access improvements and an underground garage at Seawall Lots 300, 301 and adjacent right of ways (Fisherman's Wharf Triangle) from revenue generated by commercial development on the site; and finding that it is impractical to achieve Waterfront Land Use Plan Policies except through direct negotiations with the long-term leaseholder of a substantial portion of the Triangle Site. (Resolution No. 99-01)

   B. Informational briefing on status of Port Planning & Development Projects.

8. **FINANCE & ADMINISTRATION**

9. **CONSENT CALENDAR**

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thatcher*

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

b. Property: 400 Jefferson Street
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
Cioppino's Restaurant: Nick Hoppe*

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and Cioppino's Restaurant regarding Port property located at 400 Jefferson Street.

c. Property: Rincon Park Restaurant Site (southern end of the planned Rincon Park along the Embarcadero between Folsom and Harrison Streets)
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
Nice Ventures, Inc.: Reed Hearon*

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and Nice Ventures regarding Port property located at the southern end of the planned Rincon Park along the Embarcadero between Folsom and Harrison Streets.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

January 7, 1999

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TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational presentation on status of negotiations between the Port and the Pan Exposition Group.

At the Port Commission meeting of October 27, 1998 a presentation was made by the Pan Pacific Exposition Group, Inc. (PPE) on a proposal to hold an international exhibition on Port property in the year 2002. At that hearing the PPE presented its initial analysis on the viability of holding an exposition at Piers 27-35.

On November 6, 1998 staff presented an information briefing to the Commission on a proposed action plan to evaluate the PPE proposal. Staff committed to assemble an interdisciplinary team of to evaluate and then report back to the Commission on the feasibility of holding such an exhibition. We committed to reporting back to the Commission at the first meeting in January on the status of this analysis. This information briefing is in response to that earlier report.

In evaluating the site originally proposed by the PPE staff determined that a number of significant issues would need to be resolved prior to making any commitment as to the availability of Piers 27-35 for the proposed use. Some of these issues were the seismic stability of the Piers, transportation access to and from the Piers, and the status of some of the existing leases. These issues were determined to be significant obstacles to development of this site for the proposed use.

This Print Covers Calendar Item No. 5A

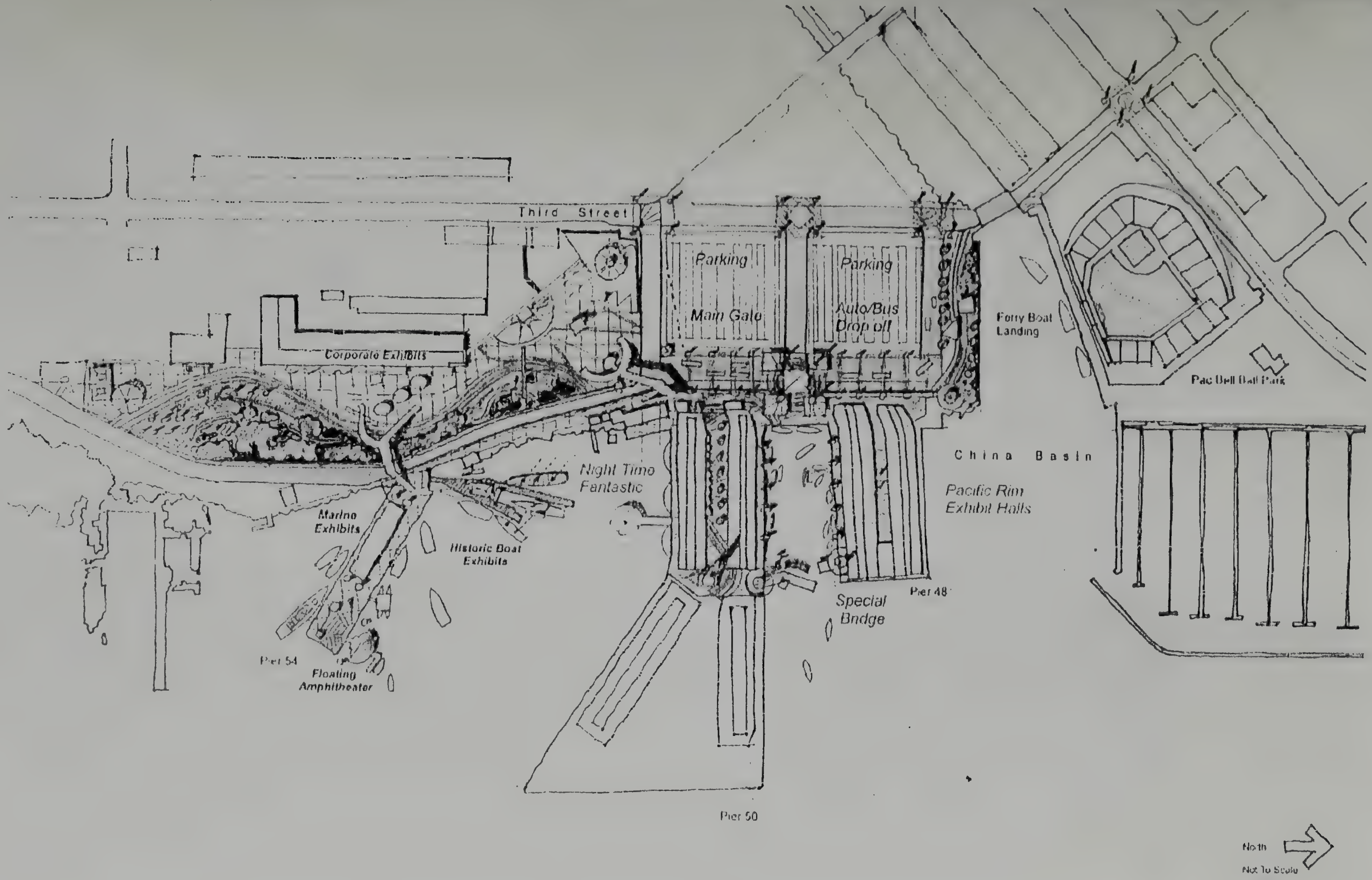
Working with the PPE, staff identified an alternative site for consideration. The alternative site, in the central waterfront area, consists of Piers 48, a portion of Pier 50, and Sea Wall Lot 337 adjacent to Terry Francois Boulevard. In addition the PPE has been engaged in discussions with both the Giants and Catellus for use of their property to support the fair. The PPE would propose to use the Giants parking lots on days when there are no games at Pacific Bell Park. Discussions with both Catellus and the Giants are continuing.

Based on their discussions PPE prepared a proposed site plan for the Exposition. Two site plans are attached to this report, Options A and D. Option A includes property that is owned by Catellus and would require that PPE lease the property for the proposed use. Option D identifies only the Port property for development.

Staff would recommend that we begin to negotiate a Memorandum of Understanding between the Port and the PPE for use of the area identified in the attached map. This MOU would first be for an option on the Port property. It would also establish the Port's intention to negotiate lease which would commence in sufficient time for the PPE to construct the facilities that it needs for the exposition. The MOU would allow the PPE to begin marketing the property to prospective investors in the exposition. In order to have the option to continue PPE would have to demonstrate, during specific time periods, that it had reached certain thresholds in financial commitments. The Port would have the right to terminate the MOU if the PPE had failed to meet its financial obligations. The MOU would also require that a deposit be submitted to pay for the staff time that would be necessary to put this project together. Upon completion of the option the Port would commit to a lease on the property and a market rent agreed to by both the Port and the PPE.

We expect to present a proposed Memorandum of Understanding to you at your next meeting.

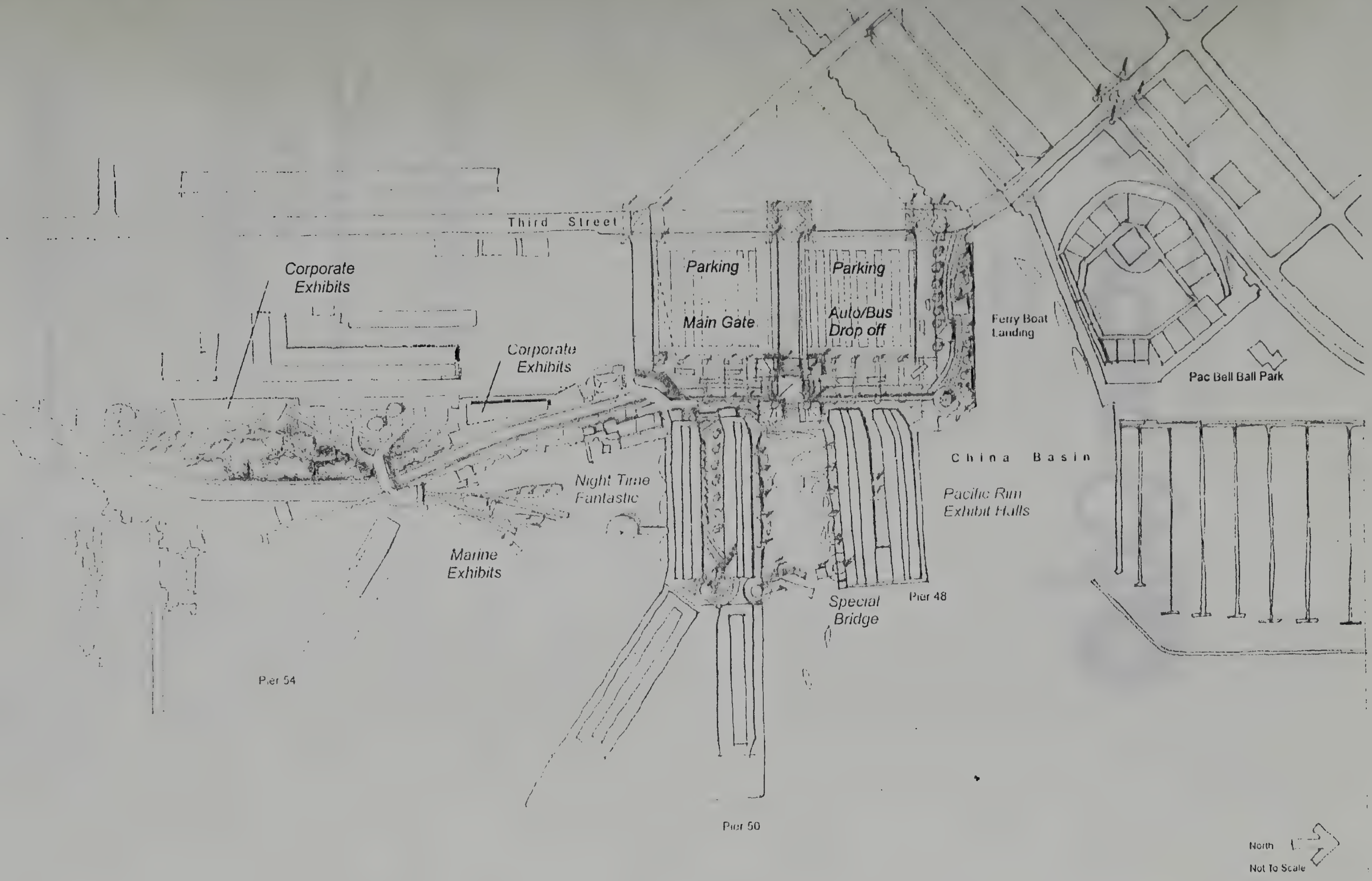
Prepared by: Larry Florin, Director of Special Projects


Third Street
Parking
Main Gate
Parking
Auto/Bus Drop off
Ferry Boat Landing
Pac Bell Ball Park
Corporate Exhibits
China Basin
Pacific Rim Exhibit Halls
Night Time Fantastic
Marine Exhibits
Historic Boat Exhibits
Special Bridge
Pier 48
Pier 54
Floating Amphitheater
Pier 50
North
Not To Scale

Pan Pacific Exposition
Illustrative Site Plan

December 1998

Option A


Third Street
Corporate Exhibits
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Auto/Bus Drop off
Ferry Boat Landing
Pac Bell Ball Park
Corporate Exhibits
China Basin
Night Time Fantastic
Pacific Rim Exhibit Halls
Marine Exhibits
Special Bridge
Pier 48
Pier 54
Pier 50
North
Not To Scale

Option D

Pan Pacific Exposition

Illustrative Site Plan

December 1998

A Preliminary Concept for hosting the

PAN PACIFIC EXPO

At the
Port of San Francisco
San Francisco, California

Executive Summary

Prepared for
The Port of San Francisco

Prepared by
Pan Pacific Exposition, Inc.

Consultant Team
Bechtel
Economics Research Associates
CHS Consulting Group

August 1998; Revised December 1998

INTRODUCTION

This document is intended to provide the Port of San Francisco with a summary of the pertinent findings and conclusions of the studies initially conducted during August 1998 and subsequently in December of 1998 by Bechtel, Economics Research Associates, and CHS Consulting Group on behalf of Pan Pacific Exposition, Inc. outlining a preliminary vision of the potentials for hosting a major international exposition in the City of San Francisco in the year 2002 utilizing a site and facilities controlled and operated by the Port of San Francisco. The initial studies concerned a potential site comprising Piers 27 through 35; the current study examines an alternative site at Piers 48 and 50. This document provides a preliminary assessment of the feasibility of the project including a summary description of the suitability of the site to accommodate the physical requirements of such an event, a preliminary assessment of the market supports, and an assessment of the traffic and transportation requirements.

It is the intention of Pan Pacific Exposition Corporation to present the findings and recommendations of the studies to the Port as a basis for decision-making on the part of the Port as to the whether or not this opportunity should be pursued. In addition, it is anticipated that certain information presented in the report will be of use to the Port and the Pan Pacific Exposition Corporation in informing other potentially interested parties as to the opportunities and requirements which this major project could entail.

Assuming that a decision is made to move forward, the information contained in the report can serve as a point of departure for a continuing dialogue on the proposed event, its aims, the opportunities which could be generated, the scope of effort required to stage the event, a schedule for its implementation and other matters of interest.

By way of background, in 1995, on behalf of the Expo'99 Treasure Island Committee an ad-hoc Committee appointed by Mayor Frank Jordan, the consultant team examined the feasibility of hosting an international exposition on Treasure Island. Last year, on behalf of the Pan Pacific Exposition Corporation, the same team conducted site evaluation studies on a proposed event to be held in the City of Oakland. Thus, the present study arises from the context of two previous studies on a similar proposition (i.e. that of hosting an international exposition in the San Francisco Bay Area); in both of the aforementioned studies, the findings were basically favorable in so far as the economic and technical parameters of the undertaking. However, for various and sundry political and organizational reasons, these initiatives were not pursued beyond the initial study stage. In the present study, as discussed in the body of the report, very significant differences between the proposed Port of San Francisco site and the previously studied sites, give rise to significantly different findings and conclusions about the opportunities to host a major exposition in the Bay Area than were developed in the previous studies.

Due to time and resource limitations, the present studies do not contain the breadth and depth of analysis, which would be provided in a more comprehensive feasibility study. However, in the time available, sufficient information has been assembled in order to present a plausible, yet preliminary, scenario of the possibilities for accommodating a major exposition at the Port of San Francisco.

The experience at previous international expositions has shown that there are numerous factors which will affect the ultimate outcome of a Pan Pacific Exposition in terms of the number of persons attending, the number and type of international, corporate and governmental entities participating, and the economic and other results to be obtained thereof. Based on this experience, this document should be viewed as a framework for assessing the viability of the project, subject to confirmation of numerous hypotheses, assumptions and changing requirements. Should a decision be reached to pursue the implementation of the Pan Pacific Exposition, as previously stated, much of the information contained herein can be, through future detailed studies and analyses, transformed into an effective means of guiding the realization of the project.

PAN PACIFIC EXPOSITION CONCEPT[1]

In preparing the present study, and as a basis for testing the feasibility of the concept, a series of assumptions were adopted as follows:

- *Site:* The site for the proposed event will be a portion of the Port of San Francisco, namely Piers 48 and 50 as well as some adjacent land.
- *Event:* The proposed Pan Pacific Exposition is assumed to be a major exposition which will attract the participation of numerous international, domestic and corporate exhibitors who will develop and operate high quality exhibits.

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[1] The following subsections have been prepared by Bechtel.

- *Type of Event*: It is assumed that the Pan Pacific Exposition, whether formally sanctioned or not, will be organized around a specialized theme of some type which will be used for marketing and organizing the event. Further it is assumed that although the Exposition will accommodate corporate sponsors and exhibitors, that, in order to attract a large number of visitors of all ages and demographic groups, the event will not be similar to a commercial trade show with conventional "booths" and sales-oriented presentations. Rather, the event will feature a variety of displays, presentations, exhibits and media that will educate, entertain and otherwise engage visitors. The varieties of experiences available at the event are intended to sustain visitor interest for several hours and attract repeat visitation.

- *Duration:* The typical duration of an event of this type is six months. However, there have been events which lasted three or four months, while at the other end of the spectrum there have been events which have lasted a year or more. Apart from considerations such as weather and tourism patterns, exhibitors are usually concerned about the costs of operating exhibits over six months. For the Pan Pacific Expo, weather and tourism patterns appear to support an eight-month exhibition period, although exhibitor attitudes towards this approach have not been ascertained at this time. There are also permitting considerations which will require further discussion with public authorities: the conventional "temporary" project is 180 days (6 months) or less.

THE OPPORTUNITY

The Port of San Francisco, located in and directly adjacent to one of the most popular tourist destinations in the world – the City of San Francisco – offers an unprecedented opportunity to host the Pan Pacific Exposition:

- *Location:* the site proposed is located on the San Francisco waterfront, south of the San Francisco Bay Bridge. This area is undergoing a remarkable renaissance with the construction of the nearby San Francisco Giants baseball stadium and associated commercial development. In addition, the site links the waterfront with Catellus Development Corporation's Mission Bay project. This project is the largest development program in San Francisco and will include a new university campus, extensive housing, and commercial and light industrial uses. By 2002, there will be an "on-site" identity and a nearby market that provides an underlying level of market support.

- *Site:* the site itself is of sufficient size to accommodate a large, high quality event: A smaller site would diminish the capacity and scale of the event, thereby reducing potential international and corporate interest and making the event more of a regional or local one. The organization and configuration of the site provides a variety of settings, views and vistas that will be attractive for visitors and exhibitors. The analysis of the site ownership indicates that Piers 48 and 50 are under control of the Port of San Francisco, thereby eliminating many of the issues faced by other expositions in terms of the needs for land assembly, permitting and the like. Adjacent properties which could be included within the Expo site are controlled by Catellus Development Corporation.

- *Existing Facilities:* the site proposed for the event has existing warehousing space. Based on a visual reconnaissance of the warehouse areas, it is anticipated that these facilities can, with little or no difficulty, be temporarily adapted for the requirements of the event. When compared with other expositions with redevelopment required of existing sites which involved extensive demolition, cleanup and restoration work, which was the case in Lisbon and Vancouver, the Pan Pacific Expo would require virtually little or no effort (and cost) to make the existing facilities ready for temporary adaptation.

- *Marketing:* one of the key challenges of an undertaking of this type is to sell potential exhibitors, corporate sponsors and visitors on the attractiveness of the location, the site and the concept. Based on the feedback received from parties contacted in the previous feasibility studies conducted on a Pan Pacific event to be hosted on either Treasure Island or in the City of Oakland, response was very positive. It has been the case in some recent expositions such as Taejon '93 (Korea), Lisbon '98 (Portugal), and Vancouver '86 (Canada), that a major motive of the organizers in hosting the event was to attract regional, national and international exposure and attention. In the case of San Francisco, the location of the Pan Pacific Expo is basically "presold" in the sense that not only do prospective exhibitor and sponsors know about San Francisco, but they also regard it highly favorably in terms of a location to be present and visible. Likewise, on the potential to attract visitors, due to the

attractiveness of the City to residents of the State and to tourists from elsewhere, the challenges for marketing will not be to convince people that visiting an event of this type in San Francisco will be worthwhile, but rather ensuring that the event is of sufficient quality and content to meet and exceed visitors' expectations (which will be high).

- *Human Resources:* hosting an international exposition will require the talents and skills of a variety of people such as artists, designers, construction workers, performers, food and beverage providers, etc., etc. The San Francisco Bay Area has an abundance of human resources which can not only meet the needs for this scale of undertaking, but, in a place where a spirit of innovation and inventiveness is common, bring fresh ideas to an event of this type.

- *Sponsor Support:* Through the previous feasibility studies, contact was made to gauge potential corporate and sponsor interest in a Bay Area exposition. The response was uniformly strong from a variety of traditional areas such as transportation services, beverage manufacturers, and the like. In addition, there were also expressions of interest from some of the major new sectors of the Bay Area corporate world – the high-tech industries, including telecommunications, software development and others. The high visibility which a San Francisco Bay Area/California-based event would offer to potential sponsors is certain to attract a level of support which exceeds that obtained by other similar events, particularly those located in smaller, lesser-known cities.

- *Timing:* Most expositions and large-scale events have been organized around a particular date or occasion. The 1939-1940 Treasure Island event was both a celebration of the completion of the Golden Gate and San Francisco-Oakland Bay Bridges as well as a vehicle designed to create work in a depressed economic time; the 1992 Seville Universal Exposition was timed to celebrate the 500-year celebration of the discovery of America. For San Francisco, the selected year for the event will serve as a milestone and point of culmination of several long and short term initiatives including, but not limited to: rebuilding of the City after the earthquake, modification and renovation of the Embarcadero, development of other key urban facilities (e.g. San Francisco Giants Baseball Park, City Library, etc.)

- *Other Future Events and Projects:* The successful planning, design, fitout, operation and conclusion of a Pan Pacific Expo could have an important influence on San Francisco and the Bay Area's future opportunities. For example, the candidacy for an Olympic Summer Games bid could be substantially enhanced through an Expo event.

SITE ANALYSIS

For purposes of the present analysis, it has been assumed that existing piers at the Port of San Francisco would be temporarily occupied by the Pan Pacific Exposition: included in this scheme are portions of 48 and 50. There is also the potential for use of the waterfront and facilities in and around Pier 52. This group of piers is located on China Basin St. which is planned for realignment in the future. In addition, a part of the land currently controlled by Catellus which is adjacent to China Basin St., will be developed as open space and dedicated to the Port. In developing this concept for the Expo, there are several factors that have been taken into account:

- It is important that a contiguous site for the exposition be provided. This requirement is based on, first, the need to ensure that all exhibitors perceive that their exhibit will be located in a highly visible, accessible place; if selected piers were utilized – separated by piers used for other, non-exposition purposes – then it is probable that the perception would be formed, in the minds of exhibitors, that certain locations were "prime" while others were "secondary". The marketing of space and locations – given a fragmented site layout – would be very challenging and could deter exhibitors from participating.

- The second reason a contiguous site is required is operational in nature: a single site, when compared with two or more sites, accommodates all visitors, staff, performers and others within a bounded, secure area, thereby enhancing the visitor experience. In addition, the staff required to operate the facilities, including gates and administrative areas, is kept to a minimum.

The areas which could be utilized to accommodate the exposition include a gross area of approximately 30 acres of Port land and facilities. In order to provide additional space - beyond the existing 30 acres – it may be possible to temporarily utilize facilities and properties controlled by the Catellus Corporation.

Several of the pier structures are currently vacant, although some areas are being utilized for warehousing, parking, offices, restaurants and the like. While an analysis of the physical conditions of the piers is beyond the scope of the present study, from a visual reconnaissance conducted in December of 1998, the proposed use of the structures and facilities for the Pan Pacific Exposition appears quite compatible. The interior structures of the warehouse are very suitable, with temporary modifications, to accommodate exhibits, visitor services and the like. The exterior piers are also suitable for the proposed exposition with the addition of temporary improvements such as handrails, walls and safety barriers as well as lighting, signage, etc.

SITE CONCEPT

The preliminary physical site layout concept for the Exposition is as follows:

- *Access:* Primary access for visitors, staff and service to the Expo would be via the existing China Basin St. which forms a boundary between the Port property and the Mission Bay development area. There is also the opportunity to create one or more points of entry to the Expo along the waterfront; these "water entries" could accommodate visitors arriving by ferry boat, water taxi, or private boats. Services could also be provided to the Expo via water: for example, trash could be removed via boats or food and beverage supplies could be delivered via watercraft. It is anticipated that a primary gateway to the Expo would be located in the area between Piers 48 and 50; this area could be modified to accommodate ticket sales booths, a drop-off point for buses, cars and taxis, as well as other visitor services. It may also be desirable, from the point of view of distributing visitor traffic entering and leaving the Expo, to also have a secondary gate located near Pier 54. From the water, assuming that visitors have access from the Bay side, a single gate centrally located – at Pier 48 or 50– would be desirable in order to distribute people between the intervening piers.

- *Interior Exhibition Areas:* The basic concept for the use of the warehouse buildings is to accommodate a variety of exhibitors within the building structures, allowing each participating entity the freedom to develop interior partitions, install lighting, audiovisual equipment, flooring, and other improvements and features to temporarily transform their spaces into themed exhibit environments. These exhibits could include: small theaters for audiovisual presentations, live shows and presentations, interactive computer terminals, fixed displays and the like. As in trade shows and other international expositions, a basic grid of circulation and services would be created within each of the buildings and a modular system would be temporarily installed to providing needed support systems (air handling, electrical power and the like). A minimum module area would be established for an individual exhibitor which could be, for illustrative purposes, approximately 3,000 square feet (roughly 50 feet by 60 feet); exhibitors who desire to have larger exhibits could elect to take multiple modules of space up to some maximum, say, 12,000 square feet. In addition to the various exhibitors, which would include corporations, international entities, cultural and special interest groups, the Pan Pacific Expo organizers would also create and operate several key themed exhibits and attractions. Other elements that would be included in the interior exhibition areas include: shops and merchandise sales areas, food and beverage outlets, restrooms, administrative and operational areas, etc. Assuming that additional site area is available through the realignment of China Basin St. and/or the use of the future open space area adjacent to the Catellus property, new, temporary buildings could be erected to provide additional interior exhibition space.

- *Exterior Exhibition Areas:* Along most of the waterfront, adjacent to the warehouses, there is a substantial "band" of outdoor space which can be used for a variety of purposes including: pedestrian circulation, food services, performance stages, outdoor exhibits, queuing areas for exhibits located inside the warehouses, access to floating exhibits, seating for performances which take place on the water, etc. The pedestrian circulation areas will also accommodate fire and life safety vehicles that, in an emergency, would require a clear access route to all points of the Expo.

- *On the Water:* There are numerous possibilities for exhibits and activities which could be accommodated on the water adjacent to the piers including: a "Tall Ships" or other watercraft festival involving historic and unique ships from around the world, performance stages (mounted on floating barges), exhibits mounted on dredging barges, water shows, etc. One of the ways to facilitate visitor circulation between the various piers and avoid having visitors retrace their steps would be to install some type of bridge between the ends of the piers; this

could be done with pontoon bridges or floating barges or suspension bridges.

POST-EXPO LEGACIES

At the present stage of the development of the concept for the Pan Pacific Exposition the opportunities for creating legacies of the event have yet to be fully outlined and then tested both with the Port of San Francisco, as owners of the properties, as well as in the marketplace. However based on previous experience with international expositions and experience elsewhere with waterfront facilities such as those that the Port of San Francisco controls, some preliminary ideas may be discussed.

- *General Upgrading and Facility Enhancements*: as part of the program of providing physical facilities for the Expo, a number of needed improvements and upgrading to the buildings and wharves will be needed. If agreements can be reached with the Port on the compatibility of such improvements with the long-term use program, then these enhancements and upgrading efforts can be left in place after the Expo. For example, painting, fencing, lighting and other improvements could be left in place rather than removed, thereby adding value to the Port's holdings.

- *Short and Long-term Tenants*: as part of the Expo program, a number of exhibitors, concessionaires and providers of goods and services will be temporarily located within the Port facilities. It is conceivable, again assuming a concerted joint effort with the Port, that certain of the temporary occupants could take a longer term interest in their tenancy and make improvements which would be usable beyond the six or seven months of the Expo. Some of the concepts which have been successful in other waterfront refurbishment projects include:

- *Exhibit halls*
- *Multi-screen cinema*
- *Live entertainment venue(s)*
- *Children's museum*
- *Interactive science center*
- *Food and beverage outlets*
- *Offices*
- *Transportation terminal*
- *Sports facilities (indoor/outdoor)*

ILLUSTRATIVE COST ESTIMATES

At the present stage of development of the Pan Pacific Expo concept, a very preliminary estimate of the costs involved in making the site and facilities suitable to accommodate a world-class exposition has been developed. It is assumed that the organizers will have responsibility for:

- Site preparation and restoration
- Site improvements
- Fitout of several theme areas and a VIP Club
- Live Performance venue(s)
- "Back of the House" (Administrative and Maintenance)
- Visitor Support Facilities
- Infrastructure (e.g. main services such as power, water, etc.)
- Exterior decoration ("themeing")
- Restoration to existing conditions
- Core & shell for: food and beverage services and merchandise

It is further assumed that exhibitors will have responsibility for:

- Fitout of interior and (some) exterior space

It is also assumed that concessionaires will have responsibility for:

- Fitout of restaurants and food services and merchandise outlets.

The costs associated with the exhibitor fitout and concessionaire improvements are not included, for purposes of this present analysis, in the cost estimate which has been developed to reflect only the facility costs from the point of view of the organizers.

The basis for this estimate is as follows:

- Current prices for the San Francisco Bay Area
- Type of construction: temporary – duration = 8 months

Excluded are:

- Escalation
- Land or space rental costs
- Hazardous material handling, removal and/or disposal
- Environmental remediation or other environmental costs
- Operating costs
- Capital equipment (e.g. vehicles such a fire equipment, television broadcast equipment, etc. etc.)
- Permits and approvals
- Financing

Based on the foregoing assumptions and exclusions, the costs to the Pan Pacific Exposition

organizers may be to the order of $135 million. It is important to note that the programs illustrated here are based on a general distribution of spaces and, as more planning is undertaken, is subject to modification.

IMPLEMENTATION PLAN

A preliminary implementation schedule for the Pan Pacific Exposition has been developed describing a series of activities which are required over the period 1998 through 2001 in order to stage the event during the year 2002. A description of these activities follows:

- *Pre-Feasibility Study:* The present effort, commissioned by Pan Pacific Exposition, Inc., is the first step in the process and is being undertaken during the month of December of 1998; it is expected that discussions concerning the prospect of moving forward with the project will continue between the interested parties for 60 days.

- *Port Authority Agreements:* Assuming that a decision is made to move forward, it will be necessary to develop an agreement between PPE, Inc. and the Port of San Francisco to establish the terms and conditions under which the event will be staged at the Port.

- *Permits and Approvals:* As a basis for further planning and design of the Expo and its operations, it will be essential to gain an understanding of the environment within which permits and approvals will be needed and what requirements will be applicable to the Expo in terms of temporary installations and services; fire and emergency services requirements will be established.

- *Feasibility Study:* Based on the current planning work and the outcome of the aforementioned activities, a final Feasibility Report will be assembled. This Report will be suitable for presentation to prospective sponsors, investors and exhibitors and set out the key financial parameters for the undertaking.

- *Marketing and Promotions:* As more detailed planning for the event becomes available and with the commitment from the Port that the site can be made available, the organizers of Pan Pacific Expo will begin a marketing and promotional effort to attract financial support, including the interest of sponsors and suppliers, and begin the process of obtaining commitments from exhibitors and participants; it is expected that this process will continue up until the fourth quarter of the year 2001.

- *Site Survey and Investigations:* In order to do more detailed planning and design, a detailed survey of the Port and buildings will be needed. It is possible that existing information can be utilized to meet some or all of these requirements.

- *Preliminary Design:* A preliminary design package for the Expo will be developed to fully illustrate the concept including the layout of the exterior and interior spaces, the locations and sizing of the various exhibition and support areas; required temporary improvements, such as electrical power, telecom and the like, will be determined and concepts for supply will be developed. This design effort will also serve to confirm costs and schedule requirements.

- *Final Design:* As commitments from exhibitors and concessionaires are received and as any long-term plans for development at the Port become firm, a final design for the site and facilities will be developed.

- *Site Improvements:* This activity involves the temporary adaptations to the site that would be required for the Expo including exterior surfacing, handrails, painting, etc.

- *Exhibition Facilities Construction*: In order to prepare for the temporary installation of all exhibitors, theme exhibits and the like, some modifications of the warehouse structures and basic services would be required. The schedule for this activity would be adjusted to the period of occupancy that is allowed by the Port.

- *Concession Facilities:* Entities who have been selected to provide food and beverage services and those who will sell merchandise will be required to fit out the space which they will occupy.

- *Fitout of Exhibit Facilities:* Exhibitors and PPE will have responsibility for developing and installing a variety of exhibits, shows, performance areas and the like. For international exhibitors, it is likely that a substantial amount of materials will be shipped in containers and require installation, setup and testing.

- *Themeing and Landscaping:* The temporary "look" of the Expo will be installed just prior to operations and include all banners, canopies,

fabric, lighting, signage, trees, flowers and decorative planting, etc.

- *Operations Training and Staffing:* The Expo will require a significant number of operations personnel and these will be recruited and trained just prior to the event operations.
- *Operations Period:* This activity is the actual operation of the event in the year 2002.
- *Closeout:* This activity encompasses the removal of all temporary and support facilities and services and the restoration of the property to permanent on-going use.

PRIORITY ACTIONS

In order for the Pan Pacific Expo proposal to move forward, it will be essential to gain an understanding with the Port of San Francisco as to the terms and conditions under which the site and facilities subject to study in the present document could be made available for the purposes described herein. Based on previous experience with attempts to organize an event of this type in the San Francisco Bay Area, it is apparent that there is significant interest and potential support; however, without an appropriate site, this interest cannot be committed to action.

AVAILABLE MARKETS[2]

The attendance potential of an international exposition is a function of the size and quality of the markets available to support it. These markets include the local resident market, the more distant day trip resident market and visitors to the area. The combined primary resident market, which is defined as a one hour drive from the site, and the secondary resident market, which includes those living within a two hour drive, presently totals slightly over 9 million persons which is projected to grow to some 9.8 million by the year 2002. San Francisco enjoys an enviable position nationally and internationally as a destination for visitors. The visitor market is composed of hotel visitors to San Francisco, persons staying with friends and relatives in San Francisco, visitors coming to the City but staying elsewhere in the Bay Area and persons making special trips to see the exposition. ERA estimates that approximately 8.2 million visitors will be staying in the Bay Area during the time of the Pan Pacific Exp. (April through November of 2002). Thus, the total resident and visitor markets would be to the order of 17.9 million persons. The relatively even balance between large resident and tourist markets is an important operation and marketing advantage that reduces the attendance based risk of the Expo.

ATTENDANCE

The assessment of market potential for the Exp. must take into account a number of qualitative factors regarding both the concept and the execution of the Exp., as well as the size and nature of the available markets. Key qualitative factors considered in the analysis are noted below:

Both the resident and tourist markets available in the immediate vicinity of the site are very large and high quality in terms of their disposition to support the Expo. There is a very large resident market within a one-hour drive time of the site and a sizable regional population located close enough to visit the fair and return home in the same day.

The San Francisco Bay Area is a major tourist destination and the large visitor market provides solid tourist market support for the proposed Expo.

San Francisco has a history of international expositions including the Pan Pacific Exposition in 1915 and the Golden Gate Exposition in 1939. The proposed theme makes sense since the City has strong business and cultural ties to the Pacific Basin and all areas of the World. It is also a favorite tourist city. All of these factors will be positive elements in marketing the exposition to corporate and international participants and sponsors.

The attendance projections do not assume official accreditation by the Bureau of International Expositions (BIE) as a Special Category fair. The commercial strength of San Francisco as a destination and window into the California market should outweigh whatever advantage BIE status would bring. However, the organizers should recognize that it might discourage some country participation, particularly from smaller nations. ERA recommends that the organizers investigate the opportunity for official recognition from regional bodies such as APEC and the Pacific Asia Travel Association (PATA).

At this early stage of planning, ticket pricing and policies have not been completely determined. However, ERA suggests a schedule of single day admission, evening admission, three-day passes, and three-month passes. Discounts will be applied for children and seniors. ERA does not recommend a full-season pass as this can overwhelm the site with low-paying repeat visitors.

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[2] The following subsections have been prepared by ERA.

The attendance projections assume that the PPE and the Giants develop a cooperative working relationship including joint ticketing plans for entrance to both the Expo and a same day or future Giants game, use of Pac Bell stadium for opening and closing ceremonies, concerts and special event days and sporting exhibitions.

It is understood that the Giants parking lot will not be available to the PPE for two hours before and after each game. There is significant additional parking capacity at the nearby container terminal site, so this constraint should not significantly affect PPE attendance.

Use of the Catellus property is an important factor in providing sufficient exhibition space and land for the Expo. The site being considered is about 20 acres and includes a large warehouse building suitable for PPE use. This proposed site is one of the last of the proposed Mission Bay development sites. After the PPE, the site will return to Catellus, which may find substantial benefit from any improvements made by PPE. Again, a cooperative working relationship between the PPE and Catellus can create value for both parties. After previous World's Fairs, the sites have nearly always ended up being centers of business activity and civic identity with substantially higher value in the long term.

Based on an analysis of other expositions, characteristics of the San Francisco Bay Area resident and visitor markets, and site capacity constraints, attendance at the Pan Pacific Exp. could be to the order of 9.7 million. Based on a preliminary schedule of opening in April and closing in November of 2002, an extended 8-month season, monthly attendance would range from a low of 965,000 in November to a high of 1.5 million in August. Average weekend day attendance would range from a high of around 63,000 in August, down to a low of 39,000 visitors in November. Average weekday attendance would be correspondingly lower, with a high of 44,600 in August and a low of 28,000 in November. A "design day" attendance is estimated at 53,300 visitors with a peak, in-grounds attendance of 34,700 which is the basis for planning visitor throughput and carrying capacity requirements.

ESTIMATED REVENUES AND EXPENSES

Expenditures by visitors to the Expo will be the principal source of revenues generated by the event, although there are substantial secondary sources which include revenues from space revenues and sponsorships. Assuming that the exposition will have sufficient content and entertainment to keep visitors on-site for an average of 6 to 7 hours, the anticipated per capita expenditures could be in excess of $37.00 for gate admissions, purchase of food and beverage and merchandise, attendance at paid shows and entertainment and for rides and amusements. Spending on food and beverage and retail is estimated to be lower than could be achieved. This reflects the need to use as much of the site as possible for attractions and exhibits as well as the availability of merchandise and restaurant outlets in the development area around Pac Bell stadium; the opportunity for Expo visitors to shop and eat outside the exhibition will be a large benefit to local businesses.

The expenses associated with the physical development of the site and facilities have previously been discussed and are estimated to be $135 million; there would also be transportation-related improvements costs[3]. Actual operating expenses, are estimated to be approximately $88 million. Thus, the overall expenses, to the organizers, could be in the range of $223 million.

FINANCING APPROACH

There are two interim financing stages. The first stage consists of pre-construction activities including marketing, design, engineering, and administrative costs. This will be funded first through sponsor commitments, trade organization support, and seed capital. When the project moves into construction, additional funding will have to be raised through a public stock offering or private placement. Given that the economics remain positive, the investment will be attractive. There is also the possibility to use conventional financing for some of the facilities, depending upon their reuse potential.

ECONOMIC IMPACT

Construction and pre-opening costs of the Expo are broadly estimated at around $314 million which will be spread among the organizers, exhibitors and concessionaires. Of this amount about $229 million will be spent locally creating a direct payroll of some $69 million and 1,524 person-years of employment. Adding in indirect impacts yield a total gain in regional output of about $564 million and $171 million in earning which supports a total construction and pre-opening impact of over 5,000 person-years of employment.

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[3] Transportation costs are described later in this document.

During the eight month operating season, tourist visitors to the Expo will spend an additional $564 million in Northern California, creating a total gain in regional output of some $1.3 billion and $195 million in earning which will support approximately 9,200 jobs for the duration of the Expo. The Expo itself will create an estimated 4,500 on-site jobs. The relatively large multiplier effects which are indicated reflect the fact that the Northern California economy has well-developed agricultural, manufacturing, and services sectors that will provide the great majority of food supplies for restaurants, manufactured goods required for operations, and entertainment and show content for the attractions. In addition, visitation to other elements of the Bay Area's entertainment and specialty good sectors and natural/historical/cultural attractions will result in further tourist spending in the local economy.

The large majority of Expo guests and spending will come from outside the City of San Francisco. ERA estimates that 80% of the Expo patron spending will originate from outside the City. In the tourist market, San Francisco has about 33,000 hotel rooms, or about 75% of the total available in the Bay Area. This dominance of hotel room capacity in San Francisco already supports San Francisco's strength in attracting convention business and will ensure that many of the tourists attending PPE will stay and spend money in San Francisco. With this capacity, capturing 75% of the new tourist spending created by the Expo appears reasonable. This would amount to the following direct impacts on San Francisco businesses and work force:

New Tourist Expenditures in San Francisco

Business Type	$millions
Hotel/Motel	$114
Food/Beverage	$167
Retail	$121
Local Transportation	$50
Entertainment/Recreation	$51
Total	$503
New Earnings	$174
New Jobs	8,243

This analysis demonstrates that much of the regional impact from new tourist spending stays in San Francisco.

VALUE OF RETAINED USES

Another economic benefit to the Port and City of San Francisco (as well as Catellus, the Giants and other nearby property owners and businesses) derives from the enhanced value of the area due to its identity as the Expo site. In addition, although many of the facilities will be temporary, some of the improvements made to accommodate the Expo may, with careful planning and the approval of the Port, be retained after the event; there could be significant value in these improvements. For purposes of illustration, if 43% of a potential $135 million in improvements could be retained, then the residual values could be to the order of $58 million.

TRANSPORTATION ASSESSMENT[4]

Piers 48 and 50 are located south of China Basin and east of Third Street directly across the China Basin Channel from the Giants Ballpark. The site is about five to six blocks from the I-80 viaduct and four blocks from I-280 on- and off-ramps. The key roadways that serve the project site are Third and Fourth Streets. Key freeway access routes from the South Bay direction are the I-80 ramps at Fourth Street and the I-280 ramps at King Boulevard and Sixth Street. Vehicles arriving from the East Bay would use the Bay Bridge exits at Fremont and Fifth Streets. Vehicles arriving from the North Bay would use the Golden Gate Bridge and then use key arterial roads, such as the Embarcadero, to reach the Expo site. The majority of the existing transit terminals in the City are not within reasonable walking distance of the site with the exception of the Caltrain station at Fourth and Townsend Street that is about one-half mile away. Other terminals/key stops are located more than one mile away; thus, transit patrons would transfer to MUNI buses or shuttle buses to reach the Expo.

TRAVEL DEMAND

Based on the attendance estimates previously discussed, it is anticipated that the Expo would attract approximately 42,000 visitors on a design day. It is anticipated that there would be 10 days – major holidays and summer weekends - during the Expo that the design day visitor level would be exceeded and attendance could reach 50,000 a day. However, during a typical weekday, the demand would be about 49% (October) – 76% (August) of the design day and during a typical weekend, the demand would be about 79% (May) to 98% (August) of the design day.

The peak inbound hour, for travel, would occur between 10:00 and 11:00AM, with approximately 9,100 persons (about 19% of the total daily inbound trips occurring). Between 10:00AM and 1:00PM about 50% of the total inbound trips would occur and after 1:00PM, the inbound demand would decrease significantly.

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[4] Information provided in the following sections was prepared by CHS Consulting Group.

The peak outbound hour would occur between 5:00 and 6:00PM (16% of total daily demand), which would coincide with the weekday PM peak commute hour. During this hour there would be approximately 7,500 persons exiting the site. Between 11:00PM and Midnight, there would be approximately the same number of people exiting the Expo site (which is about 15% of the daily outbound trips).

TRANSPORTATION SERVICES

The two key transportation challenges are:

1. How to accommodate traffic and parking demand for both the Expo and Giants generated demand when both events occur on the same day?
2. How to supplement the existing transit services, so that a significant number of Expo attendants would use transit to the site?

Understanding the constraints of the existing transportation system, the following goals were identified for accommodating the anticipated demand.

- Attract a significant number of Expo attendants to use transit by developing a high intensity shuttle bus operation.
- Reduce parking shortage by developing a shared parking program with the Giants.
- Reduce peak hour traffic demand by providing price incentives to people who enter/exit during non-peak hours.

RECOMMENDED TRANSPORTATION IMPROVEMENTS

It is not anticipated that the Expo would be responsible for any permanent improvements to the freeway or arterial road systems. However, the following improvements are recommended.

Parking

No additional parking facilities would be needed during the non-ballgame days. During the game days, Pan Pacific Expo should jointly promote the "Spend a Day in the China Basin Area" with the Giants, so the baseball game attendants are the same as the Expo visitors. Additional parking supply needed during the ballgame days could range from zero (if one third of the Giants attendants are also visitors to the Expo) to 4,000 (if no Giants attendees visit the Expo) spaces. The worst case scenario would require about 30 additional acres of land. Two potential sites are: 1) Mission project land that will not be developed prior to 2003 and Pier 80.

Shuttle/Charter Bus Operations

Shuttle/Charter buses would be a key element of the Expo operation. It is anticipated that Pan Pacific Expo Inc. would operate 2-3 bus routes from the Expo site to the major transit stations/stops as well as major hotel locations in downtown San Francisco, Fisherman's Wharf, and Lombard Street areas. It is assumed that 2-3 shuttle bus routes would be needed.

In addition, the Expo organizers should work with the charter bus companies to plan and market the use of charter buses to the Expo, especially from the remote locations. These buses could be used during midday and at night to accommodate peak ingress and egress Expo-related traffic.

Transit Services

Existing Transit agencies should be contacted for additional midday services. The Expo organizers should work with the transit operators to identify the level of demand for additional midday and evening services and plan for appropriate service modifications. The midday and evening transit services must be announced through an advanced public information campaign in order to inform the public of such services.

Ferry Services

Ferry services should play a critical role in transporting Expo visitors from the North Bay and the East Bay. Ferry services would be provided from the existing terminals, as well as new terminals that have either been used in the past or are being planned now. The Expo organizers should work with the ferry operators to explore the feasibility of adding ferry services to San Francisco as well as providing direct service to the Expo site or to the ferry terminal at the Giants ballpark.

Pick-up and Drop-off Activities

The curb space in front of the Expo should be designed to accommodate the drop-off and pick-up activities for taxies, charter buses, shuttle buses, and VIPs. These spaces should be designed so that they do not conflict with pedestrian crossings to and from the Expo site. They should also be clearly marked and designed to facilitate efficient movement of the vehicles and to reduce potential conflicts with through traffic on China Basin Street. Off-street loading areas should be identified to create a transit center for the Expo visitors and participants.

Transportation Service/Traffic Management Plan

A transportation service plan would need to be developed for the pre- and post-Expo activities, including plans for transporting necessary personnel and materials to the site for installation and disassembly of Expo buildings and displays. During the Expo period, an overall Traffic Management Plan (TMP) must be developed. Elements of the TMP could include the following:

- Time Management: In order to accommodate the total number of projected visitors, the arrival and departure times to and from the Expo site must be regulated. The objective is to regulate the number of people that can be accommodated by the available transportation systems in the Bay Area. Time management can be accomplished by requiring the following:
    - Advance ticket purchase: Each ticket would identify the key transit systems, such as MUNI, BART, and ferry, with their operating hours and schedule.
    - Differential ticket prices: Ticket prices would be higher for arrival during the peak commute or demand hours, and lower prices for arrival during non-peak hours.
    - Late evening functions at the Expo: Late evening activities, such as fireworks, would spread the peak for outbound trips.

- Contingency Plan: A contingency plan should be developed to accommodate the "peak of the peak" demand. It is estimated that there would be about 10 days (weekends during June, July, and August) where the overall transportation demand would exceed the planned transportation capacity for a design day. The excess demand during the "peak of the peak" could potentially be about 10 percent higher than a design day demand.

- Operations Plan: In order to accommodate a large number of people and vehicles in and out of the Expo site during the peak inbound and outbound hours, an Operations Plan must be developed. This would include the estimated manpower needs, crowd management, and a fleet management system. The plan would also include pedestrian crossings to and from the parking lots, shuttle pick-up locations, bus layover locations, and ferry terminals.

TRANSPORTATION COSTS

A total of $5 to $7 million would be needed for the Expo project. Major transportation improvements needed for the Expo would be the shuttle bus operation, which would cost approximately $2.2 million during the eight-month Expo operation. Parking improvement costs would vary, depending on the site(s) finally chosen. Approximately $1 million dollars should be reserved for this purpose. If Pier 80 was chosen as the site for parking, additional shuttle bus operations may be necessary. Additional money should be budgeted for traffic management personnel and overtime by staff from the San Francisco Police Department, and Department of Parking and Traffic. It is assumed that there would be no costs involved to improve public transit services.

PORT OF SAN FRANCISCO

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MEMORANDUM

January 8, 1999

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TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Resolution directing staff to present to Commission any bona fide offer to fund substantial new open space and public access improvements and an underground garage at Seawall Lots 300, 301 and adjacent right of ways (Fisherman's Wharf Triangle) from revenue generated by commercial development on the site; and finding that it is impractical to achieve Waterfront Land Use Plan Policies except through direct negotiations with the long-term leaseholder of a substantial portion of The Triangle Site. (Resolution No. 99-01)

Background

The Waterfront Plan

The "Triangle Property" consists of Seawall Lots 300 and 301 and portions of the former Embarcadero Roadway and Mason Street right-of-way, located in the heart of Fisherman's Wharf. It is identified in the Port's Waterfront Plan and Design and Access Element as the potential site of a major open space, underground parking garage and active retail development. Pier 43-½, located across the Embarcadero and adjacent to the Franciscan Restaurant, is also identified as the potential site of a major open space, along with commercial development.

The key provisions of the Waterfront Plan for these sites are as follows:

- Allowable uses on The Triangle include open space, public access, assembly and entertainment, parking, retail and restaurants, visitor services, transportation services.

This Print Covers Calendar Item No. 7A

- Allowable uses on Pier 43-½ include ferry and excursion boats, historic ships, temporary and ceremonial berthing, water taxis, open space, public access, assembly and entertainment, parking, retail and restaurants.

- A public plaza, an underground parking garage and commercial development covering 30% of The Triangle (SWL 300 and 301) are provided for in the plan. The plan provides for the reduction or elimination of parking on Pier 43-½ and the development of open space and commercial development.

The Waterfront Plan Design and Access Element provisions for The Triangle and Pier 43-½ are attached as Exhibit A to this report.

The Concept Agreement

In December, 1996 the Port, the San Francisco Bay Conservation and Development Commission ("BCDC") and Save San Francisco Bay Association ("Save the Bay") executed a ""Draft Concept Agreement" that set forth the basis for completing the Waterfront Plan and amending BCDC plans to make them consistent with the Waterfront Plan. The Concept Agreement (a copy of which is attached as Exhibit B) addressed:

- the removal of piers to create open water
- the creation of new public plazas on the waterfront
- public access on piers
- pier reconfiguration
- land uses on piers
- the preservation of historic resources; and
- a Joint Design Review Committee

Specifically related to the Triangle Property, the Concept Agreement included the following section:

"A central plaza at Fisherman's Wharf, on Seawall Lots 300 and 301, will consist of approximately 70% open space and the balance reserved for a festive market hall for commercial or retail uses. New retail or commercial structures will be designed in a manner compatible with the open nature of the plaza. The open parking lot will be replaced by an underground parking garage."

The Concept Agreement further states:

"The Plaza and underground parking garage at Fisherman's Wharf will be financed by revenues from new retail and commercial development on the site."

Existing Uses and Leaseholds

The Alioto Fish Company ("AFC") currently holds a 66-year lease with approximately 37 years remaining for approximately 19,490 square feet of the Triangle Property, and a month-to-month lease for an additional 2,241 square feet. The existing long-term lease is for restaurant uses. The remainder of the Triangle Property is under a month-to-month agreement with the Fisherman's Wharf Restaurant Association for surface parking.

The Franciscan Restaurant ("Franciscan") currently holds a 66-year lease with approximately 37 years remaining for 72,254 square feet of Pier 43-½.

The Project

The Port has been approached by AFC and a potential developer, Portside Crossing Associates ("PCA"), regarding the possibility of a mixed use development on The Triangle Property. The proposal includes hotel and retail uses, an underground parking garage of approximately 330 spaces, and plaza and open space. Because of the cost of acquiring existing leaseholds, and developing the underground parking garage and open space, the developer has proposed commercial development on more than 30% on the Triangle Property.

The Process

In order to pursue this project, the Port Commission would need to consider taking the following actions and undertaking the following processes:

1. Port Commission approval of direct negotiations for the subject property, and a finding that competitive bidding is impractical and infeasible.

2. Port Commission approval of an "Exclusive Negotiation Agreement" between the Port, AFC and PCA that provides the framework for negotiating a development agreement and lease for the project, as well as the terms of the potential transfer or assignment of the existing leases.

3. Appointment of an Advisory Group pursuant to the Waterfront Plan, to provide input into the development concept, and to work with affected Port tenants and Fisherman's Wharf community to determine open space design and develop a program to meeting interim parking, vehicular circulation and other operational needs of affected businesses during the construction period.

4. Completion of required environmental review for the project.

5. Certification of the environmental document, and approval of a development agreement, new lease and sale or assignment of the existing affected leaseholds.

In addition, other steps that will be undertaken include amendments to the Waterfront Plan, design review by the Waterfront Design Review Committee, Planning Commission consideration of a conditional use permit and General Plan and Planning Code Amendments, a BCDC permit and Board of Supervisors approvals.

The attached resolution would authorize direct negotiations for the property based on the ability achieve the Port Commission Waterfront Plan goals and policies for the site.

Prepared by: Paul Osmundson, Director of Planning and Development

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-01

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage and regulate and control the Port area of San Francisco; and

WHEREAS; Under Charter Section 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, The Port Commission follows the general policy of awarding commercial or retail leasing opportunities to the highest responsible bidder in accordance with competitive bidding procedures, unless such bidding procedures are impractical or impossible consistent with San Francisco Administrative Code Section 23.24; and

WHEREAS, The Port Commission has adopted policies authorizing a direct negotiation exception to the general policy in favor of competitive bidding, for example, in the case of retail leases to existing tenants in good standing who require a lease extension to finance capital improvements to the Port's property; and

WHEREAS, The Alioto Fish Company, Ltd. ("AFC") is the lessee of property located at Seawall Lots 300 and 301 pursuant to Leases No. L-7495 and L-9545, generally referred to as the Exposition lease; and

WHEREAS, The Port entered into Lease No. 7495 on May 1, 1970 for a period of 66 years encompassing land area of 19,490 square feet, which lease was subsequently assigned to AFC, with the consent of the Port Commission, in October 1972; and

WHEREAS, AFC is interested in pursuing development of the leasehold property and has requested Port Commission confirmation that it is impractical and infeasible for the Port to attain its policy objective for Seawall Lots 300 and 301 except through direct negotiations with AFC; and

WHEREAS, The Port Commission adopted the Waterfront Land Use Plan, including the Design and Access element, establishing policies for Seawall Lots 300 and 301 that provide: "The Port will work with the Fisherman's Wharf community to develop a public plaza on The Triangle (Seawall Lots 300 and 301) with parking relocated underground. The plaza would occupy approximately 70% of the site and would be financed by revenues from a market hall or similar retail commercial development on the remaining 30% consistent with the Waterfront Design and Access Element. In addition, the Port will make efforts to extend the open space and public access onto Pier 43-½. The door will be left open to negotiations with existing tenants, if they are amenable, about the feasibility of allowing an appropriate amount of additional revenue-generating space, in exchange for public access, open space or other significant public improvements." (Waterfront Plan at page 79, as amended by Amend. No. 101.); and

WHEREAS, AFC has explored development scenarios for its leasehold and has stated that because of the policies limiting the development of the Triangle property, the necessity of underground parking to create additional open space and public access, and the cost of underground parking, it is impractical and infeasible to achieve development of the Triangle site with anyone other than AFC, the long-term leaseholder of 19,490 square feet of the site; and

WHEREAS, The Port Director has evaluated the request and concluded that direct negotiations with AFC for the development of the Triangle improvements is appropriate because it is impractical and infeasible for the Port to achieve its objective of funding substantial open space and public access improvements and underground garage through revenues generated by commercial development on the site, while attempting to limit development to 30% of the site unless it negotiates directly with AFC because AFC controls a significant portion of the site through the year 2036; and

WHEREAS, Before the Commission could act on a specific project proposal, the Commission would first consider an authorization to enter into an exclusive negotiation agreement; appoint an Advisory Group to provide input into the development concept and to work with affected Port tenants and Fisherman's Wharf community to address local concerns; complete required environmental review; and consider approval of a development agreement and lease; now, therefore, be it

RESOLVED, The Port Commission finds that competitive bidding procedures are impractical or impossible in order to achieve the Port's objectives of funding substantial new open space and public access improvements and an underground garage at the Triangle (Seawall Lots 300 and 301) from revenue generated by commercial development on the site while attempting to limit development to 30% of the site because AFC controls a significant portion of the site; and be it further

RESOLVED, The Port staff shall bring to the Commission by bona fide written offer to fund commercial development of the Triangle site to achieve the Port's objectives of increased open space and public access and an underground parking garage assuming such development incorporates the AFC leasehold, for Commission authorization to enter into an exclusive negotiation agreement.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 12, 1999.

Secretary

TRIANGLE LOT & PIERS 43 & 43 1/2

(Seawall Lots 300 & 301 are the Triangle Lot)

-- Continued from previous page --

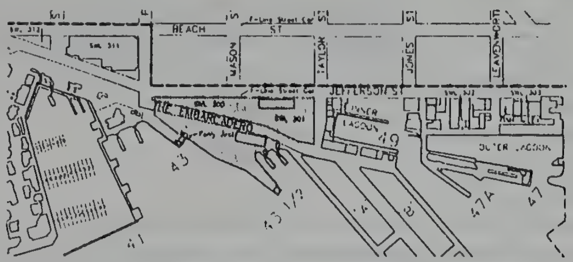
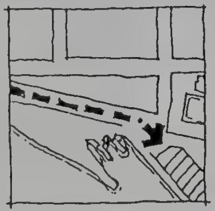
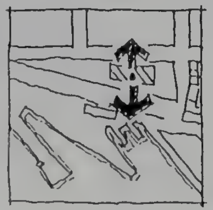


EXHIBIT A

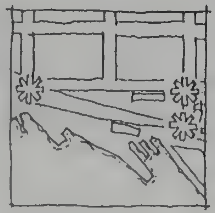
Orientation



ORIENTATION -- Embarcadero: Maintain access to Pier 45 from The Embarcadero. Recognize the terminus of The Embarcadero at Pier 45 with a sculpture or other public access feature.

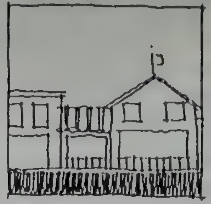


ORIENTATION -- To Street and Bay: Proposed Jefferson Street market hall, should be oriented to both the Triangle Lot plaza and to the street.

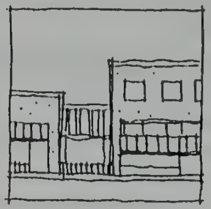


ORIENTATION -- Intersection Corners: Provide entry and identity features for the Fisherman's Wharf area at intersection corners.

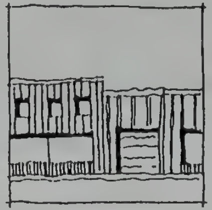
Architectural Details



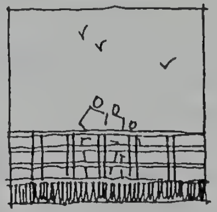
ARTICULATION: Along Jefferson Street, use a variety of architectural treatments (e.g. pattern and spacing of windows, doors, color or other materials and detailing) to provide visually interesting street facades and complement the established neighborhood character.



TRANSPARENCY: Avoid blank ground floor walls by providing views into and through the ground floor of buildings.



CHARACTER -- Industrial: Materials, style, and detailing should reflect, but not mimic, the industrial character typical of fishing industry or other maritime structures (e.g. painted wood, metal, or concrete siding, simple detailing, authentic materials.)

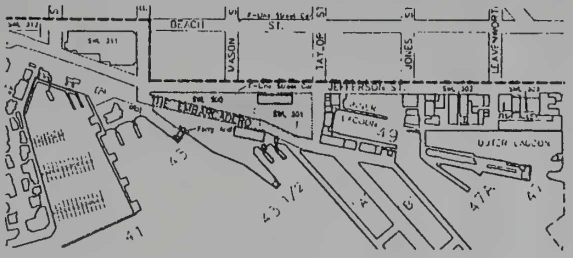


PUBLIC EDGE: New railings should reflect the industrial character of fishing industry or other maritime uses and be as transparent as possible. These improvements and any trash collection facilities will include appropriate protective measures to comply with all applicable water quality environmental laws and regulations.

Design Criteria

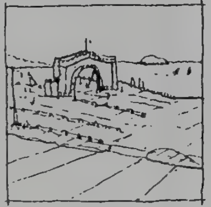
TRIANGLE LOT & PIERS 43 & 43 1/2

(Seawall Lots 300 & 301 are the Triangle Lot)

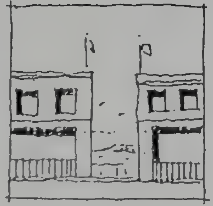


The Triangle Lot provides the opportunity to create a major new open space at Fisherman's Wharf, activated and financed by a festive "Market Hall" on 30% of the parking lot now occupying most of the site. An underground garage would maintain needed parking in the area and contribute the remaining funding to develop the open space. The Port must work closely with the community to address short-term construction impacts and provide long-term management of this public space to ensure it becomes an asset for Fisherman's Wharf. Cable car service will be relocated to this site or nearby. Further efforts will be made to identify funding sources to finance expansion of the Triangle Lot open space to the adjacent Pier 43 1/2 which is under a long term lease. Until these goals can be realized, the Port will continue with incremental pedestrian circulation & access improvements in this area.

Site

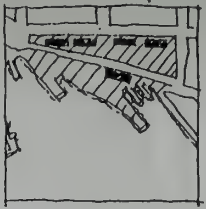


HISTORIC PRESERVATION --Ferry Arch: Retain the Pier 43 Ferry Arch and develop more specific guidelines for its preservation and reuse.

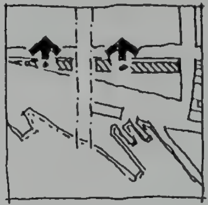


SITE COVERAGE -- Open Space: Increase open space and provide a Bay edge on Pier 43 1/2 by reducing or relocating parking off-site, if additional funding sources become available and long-term tenant lease issues are resolved. Include storm water drainage measures in open space improvement projects in accordance with any storm water drainage policies adopted by the Port Commission.

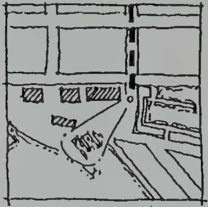
Site (Continued)



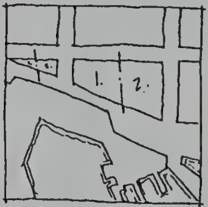
SITE COVERAGE -- Open Space: Reserve 70% of site for future public access and open space uses. Work with the affected Port tenants and Fisherman's Wharf community to determine open space design and develop a program to meet interim parking, vehicular circulation and other operational needs of affected businesses during the construction period.



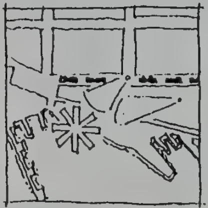
MASSING -- Jefferson Street: Reinforce the "main street" character of Jefferson Street by locating new buildings at or near the street. Maintain views and entrances from Powell, Mason, and Taylor Streets.



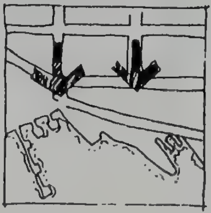
MASSING -- Taylor Street: New building massing should allow views between buildings from Taylor Street to the Pier 43 1/2 waterfront.



MASSING -- Scale: Recognize the established neighborhood scale by limiting apparent building mass to 1/2 block size to create an image of multiple buildings per block.



MASSING -- Views Through: New development on Jefferson Street or on the interior of the site should include exterior pedestrian or service ways that are oriented toward the Bay and views of the Pier 43 Ferry Arch between larger building massings.



VIEWS: Preserve views of the Bay through or adjacent to the Triangle Lot and Pier 43 1/2 from Mason and Powell Streets.

EXHIBIT A

DRAFT CONCEPT AGREEMENT AMONG THE PORT OF SAN FRANCISCO, THE SAVE SAN FRANCISCO BAY ASSOCIATION, AND THE SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

December 12, 1996

INTRODUCTION

In 1996 the Port of San Francisco ("Port") and the Bay Conservation and Development Commission ("BCDC") entered into a Memorandum of Agreement to guide finalization and implementation of the Draft Waterfront Land Use Plan ("Waterfront Plan"), including an Urban Design and Public Access ("UDPA") element. Pursuant to that Agreement, the staffs of BCDC and the Port have been meeting to develop recommendations on certain key BCDC-related issues for presentation to the Technical Advisory Committee, the Waterfront Plan Advisory Board, the BCDC Design Review Board, the State Lands Commission, members of the public, and the Commissions of BCDC and the Port. At the invitation of BCDC, the Save San Francisco Bay Association ("Save the Bay") participated in the discussions and has agreed with this concept agreement.

GOALS

The goals of this Concept Agreement are to:

- Complete the Urban Design/ Public Access element of the Waterfront Plan (the "UDPA") consistent with this concept agreement. The UDPA will describe urban design guidelines for the waterfront including but not limited to the location of significant views and vistas, location of open water, new public access concepts, new public plazas and overall design
- Remove piers to create more open water.
- Create new public plazas on the waterfront.
- Improve the design, location, and amount of public access on piers.
- Develop new rules for replacement fill and pier reconstruction or reconfiguration.
- Develop new rules governing land uses on existing piers.

EXHIBIT B

- Develop means to protect historic resources on the waterfront.
- Expedite permit processing including the creation of a Joint Port/BCDC/City Design Review Committee to help streamline permit processing for new projects on the waterfront.

I. REMOVAL OF PIERS TO CREATE OPEN WATER

The UDPA element of the Port's Waterfront Land Use Plan (WLUP) will specify piers that the Port will remove.

- Piers 34 and 36 will be removed to create a new public space, called Brannan Street Wharf
- Pier 24 will be removed as part of redevelopment of Piers 26 and 28. Any reconfiguration of Piers 26 and 28 must not exceed the combined area of Piers 26 and 28.
- A Special Planning Study will be conducted by the Port, the City and BCDC with public participation to determine the location of additional open water between Piers 15 and 29. New development on any piers in this area cannot proceed until the Special Study is complete and adopted by the Port and BCDC.
- Pier 33 will be removed to create open water; approximately 50,000 square feet of pile supported fill may be replaced between Piers 31 and 35.
- A minimum of two openings between connector buildings will be provided, one at Piers 31 through 35, and the other to be determined by the Port and BCDC.

II. CREATION OF NEW PUBLIC PLAZAS ON THE WATERFRONT

Public access will be addressed through the provisions of the UDPA. Three new public plazas will be created by the Port.

- A central plaza at Fisherman's Wharf, on Seawall Lots 300 and 301, will consist of approximately 70% open space and the balance reserved for a festive market hall for commercial or retail uses. New retail or commercial structures will be designed in a manner compatible with the open nature of the plaza. The open parking lot will be replaced by an underground parking garage.
- Wharf 25, a public plaza in the vicinity of the bases of Piers 19 through 27, will be created. The size, location, and other design details will be determined through the Special Study of the area between 15 and 29.

- Brannan Street Wharf will be a public plaza stretching along no less than 600 feet along the Embarcadero. This plaza will be created through the removal of Piers 34 and 36. Some fill will be necessary to create a sufficient open space.

To finance these new public plazas, this concept agreement includes the following funding mechanisms:

- The Plaza and underground parking garage at Fisherman's Wharf will be financed by revenues from new retail and commercial development on the site.

- The Port will create a Public Access Account to fund the Brannan Street Wharf and Wharf 25. The Port will deposit 25% of gross cash receipts from all major new development on Piers and Seawall lots into the account (new revenues from Fisherman's Wharf will not be included, as they are designated to fund the new plaza and underground garage: certain project-specific Port revenues will also be excluded). The Fund will be used to build new plazas, but will be subject to certain requirements concerning priorities for bonded indebtedness.

- Plazas will be constructed as soon as there are sufficient funds in the Account to permit necessary financing. The Brannan Street Wharf will be the first priority for the Fund.

- The Fund may also receive grant or other funding; money from the Fund may be used to remove piers to create open water.

III. PUBLIC ACCESS ON PIERS

- All new development on piers will be consistent with the applicable provisions of the UDPA including provisions relating to the size and shape of public access. The Joint Design Review Committee will review the shape, scope, and level of improvement of public access.

- New development on finger piers will dedicate at least 25% of the pier footprint to public access. For larger piers, it is expected that more public access area will be necessary. The Joint Design Review Committee will make recommendations regarding the extent of public access dedication for larger piers, existing or reconfigured.

- New interim uses that generate a *substantial increase* in the need for public access (to be defined by the parties) will provide maximum feasible public access consistent with the project and the UDPA. Examples of such uses include a new public market or commercial recreation inside an existing shed.

- New interim uses that do not generate a substantial increase in the need for public access would not be required to provide public access. The development of the three new plazas and removal of piers to create open water will satisfy the legal requirements to provide "maximum feasible public access" under the McAteer-Petris Act.

- New development of maritime uses will provide maximum feasible public access, consistent with the project, and will conform to the provisions of the UDPA when feasible.

IV. PIER RECONFIGURATION

Piers may be replaced or reconfigured, consistent with the provisions of the UDPA for each development opportunity area. The following approach will govern the shape and extent of pier reconfiguration:

- The "Permitted Pier Area" will define the maximum square footage or area of the reconfigured pier(s).

- The "Pier Perimeter" will define the boundaries beyond which no replacement or reconfigured fill can be placed.

- New development of water-dependent maritime projects will be subject to special provisions of the UDPA which will balance functional requirements with open water and public access in a manner that encourages such maritime uses.

V. LAND USES ON PIERS

Piers in Port Jurisdiction will be assigned to one of two categories based on the physical condition and useful life of the Pier:

- *Category I:* Piers in excellent or good condition, with expected useful life of 35 years or more. For the purposes of BCDC permits, these piers will be treated as falling within BCDC's shoreline band jurisdiction, and thereby not subject to the water-oriented land use restriction. After 35 years, proposed new projects on these piers will be treated as falling within BCDC's Bay jurisdiction, whereby uses will meet the water-oriented test

- *Category II:* Piers in fair or poor condition will be treated as falling within BCDC's Bay jurisdiction. Projects on these piers must conform with the public access and pier reconfiguration/replacement provisions of the UDPA. Proposed uses must be water-oriented

The Port will conduct "Basic Maintenance" on these piers in association with interim uses without invoking the water-oriented use restriction; Basic Maintenance consists of replacement of up to 25% (cumulative) of piles.

- Pier reconfiguration or replacement of more than 25% of piles will trigger the provisions of the UDPA and BCDC's Bay jurisdiction.
- Revised pier repair and land use rules for new development will not take effect in the area between Piers 15 and 29 until the Special Study for the Pier 15-29 area is complete and adopted.

VI. PRESERVATION OF HISTORIC RESOURCES

- Some of the bulkhead buildings are on Category I piers and can be redeveloped under the provisions stated above in Section V. Some bulkhead buildings in need of repairs on Category II piers appear to be eligible for listing on the National Register of Historic Places. Pile supported structures, which could include bulkhead buildings, that are on the National Register or designated as a California Registered Historic Landmark can be repaired or rehabilitated under existing BCDC regulations without triggering the water-oriented use restriction (California Code of Regulations, Title 14, Division 5, Section 10704).
- The Port will complete full documentation of historic structures.
- The Port will evaluate how to increase public access and views in a manner compatible with historic preservation.
- Prior to approving any action that would adversely affect an historic resource, the Port will prepare and adopt a plan for historic resource preservation, covering the area between Pier 45 and China Basin Channel.

VII. JOINT DESIGN REVIEW COMMITTEE

The Port, BCDC, and the City will form a Joint Design Review Committee, which will consist of professionals in the field of design. The objective is to achieve early consensus on project and public access design. The joint review of proposed projects will expedite the permitting process at both state and local levels. The authority and composition of the Committee remains to be determined

This draft Concept Agreement represents the consensus of the undersigned. will form the basis of further discussions, submittals for public review, a possible Memorandum of Understanding and will be transmitted to their respective Commissions or Board of Directors.

Dennis P. Bouey
Port of San Francisco

Marc

Marc Holmes
Save San Francisco Bay Association

Will Travis
San Francisco Bay Conservation
and Development Commission

PORT OF SAN FRANCISCO

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MEMORANDUM

January 6, 1999

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TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Briefing on Status of Port Planning & Development Projects

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED.

BACKGROUND

On June 24, 1997, the Port Commission adopted the Port of San Francisco Waterfront Land Use Plan ("Waterfront Plan"), thereby lifting the seven-year moratorium on non-maritime development on Port piers and properties within 100 feet of the shore, and providing a blueprint for the future use of Port property. This accomplishment, along with the current real estate market and other factors, has spurred considerable interest by private developers, public agencies and citizens in revitalization of Port property. The Port's Planning & Development Division has been working on many projects to implement the Waterfront Plan. The purpose of this report is to provide you with an update of these projects.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

MAJOR PLANNING PROJECTS

BCDC Negotiations

Over the past several years, the Port Planning Staff has been working closely with staff of the Bay Conservation and Development Commission ("BCDC") and Save San Francisco Bay Association to jointly develop changes to BCDC policies and procedures to 1) implement the Waterfront Plan; and 2) to more effectively meet BCDC's mandate to improve public access to the waterfront and the Bay environment.

The objectives of these efforts are to comprehensively identify locations for creating new open space and public access areas and fill removal, to be implemented as new waterfront development projects occur. The negotiations also address amendment of BCDC policies and permitting procedures to increase the efficiency and effectiveness of the BCDC permit and design review process, while adding clarity and certainty to the land use approvals process for Port properties. The negotiations are intended to result in amendments to BCDC plans, which BCDC staff will be drafting in spring 1999. Thereafter, any proposed plan amendments will be released for public review and comment prior to BCDC and Port Commission public hearings and approvals.

Historic Preservation Planning

The Waterfront Plan includes historic preservation policies. Pursuant to these policies, certain historic resources, such as the Ferry Building and Agriculture Building, will be preserved and rehabilitated consistent with the Secretary of Interior standards for preservation. Other resources, such as pier bulkhead buildings, will be retained, and still others require further preservation review and analysis before determining which additional resources should be retained and to what extent they can be rehabilitated.

With generous assistance from the Foundation for San Francisco's Architectural Heritage, the Port is conducting further research and analysis of its historic resources north of China Basin Channel. Once this research is completed, the Port will conduct feasibility analyses before formulating further historic preservation recommendations for public review and consideration by the Port Commission. This effort will continue well into 1999 and may require consultant assistance. The schedule to complete this work reflects the need to also focus on completing BCDC negotiations and amendments, and timely processing of Port commercial development and maritime projects and building permits.

Some of these projects, such as the proposed Pier 1 and the Ferry Building projects, involve historic preservation and adaptive reuse. In December, 1998, Pier 1 was nominated for placement on the National Register of Historic Places by the State Historic Resources Commission. This and other preservation efforts will be pursued by the Port as part of the approval process for individual projects, and may occur in advance of completing historic preservation policies for other waterfront areas.

Southern Waterfront Planning

The Mission Bay area is the subject of several overlapping planning and development projects which directly impact Port property. With the recent City approvals of the Mission Bay project, staff will continue its ongoing planning efforts with the community and City agencies to ensure coordinated implementation of public access, infrastructure and Port facilities associated Pacific Bell Ballpark, UCSF and Mission Bay, and the Pier 52 public boat launch.

The Port has received several lease proposals for Pier 80, and Piers 90 through 96 in the Southern Waterfront. Many are for limited-term industrial activities south of Islais Creek which would not preclude potential long-term development of maritime facilities. A number of these proposed uses (e.g. concrete crushing and recycling, storage of aggregate for concrete operations) have raised environmental and public health concerns with the Bayview and Hunter's Point neighborhoods. To address these and other issues, the Port has established a Southern Waterfront Advisory Committee (SWAC) to solicit input regarding lease proposals for Port property, including environmental mitigation and monitoring requirements. The SWAC meets approximately once a month.

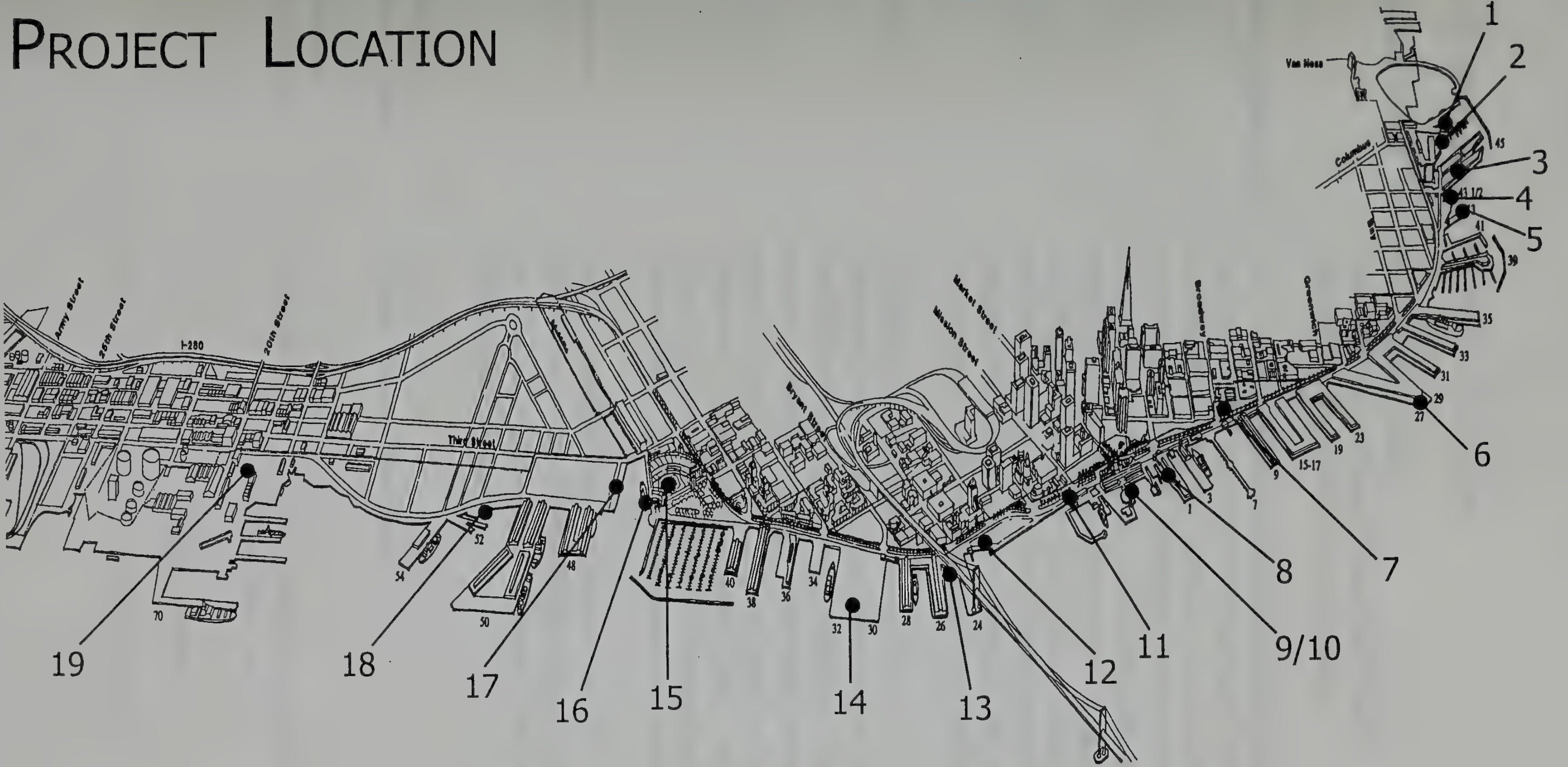
In addition to evaluating current lease proposals, the Port has begun to develop a comprehensive leasing and development program to implement the Waterfront Plan for the Southern Waterfront. This is especially important for those areas that currently are undeveloped, which will require infrastructure and other capital improvements before they can be efficiently utilized. The Port anticipates that this work will require some consultant assistance, coordination with other City agencies (e.g. the Planning Department and Redevelopment Agency), and ongoing discussions with the SWAC and the broader community.

MAJOR COMMERCIAL DEVELOPMENT, MARITIME, AND OPEN SPACE PROJECTS

Attached are Project Summary Sheets for each of the major commercial development, maritime and open space projects currently underway by Planning & Development Division staff. This information is meant to provide you with a brief status report on the Division's activities. The Project Location map on page 4 numerically indicates the specific location of each project referenced in this summary.

Prepared by: Paul Osmundson, Director of Planning & Development

PROJECT LOCATION


Van Ness
Columbus
Greenwich
Broadway
Market Street
Mission Street
Bryant Street
Third Street
I-280
20th Street
25th Street
Army Street
1
2
3
4
5
6
7
8
9/10
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1. Hyde Street Fishing Harbor
2. Pier 47A
3. Pier 45, Shed A
4. Pier 43 1/2 Public Access Area
5. Pier 43 Ferry Terminal
6. Piers 27/29
7. Broadway Hotel Project
8. Pier 1 Martime Office Building
9. Ferry Building Rehabilitation Project
10. Downtown Ferry Terminal Project
11. Mid-Embarcadero Roadway
12. Rincon Park Restaurant
13. Pier 24 Annex Mixed Use Project
14. Bryant Street Pier Opportunity Area:
    (Pier 30-32/SWL 330)
15. Pacific Bell Ballpark
16. Ballpark Ferry Landing
17. China Basin Channel Shoreline
    Stabilization
18. Pier 52 Public Boat Launch
19. Pier 70 Opportunity Area

1. HYDE STREET FISHING HARBOR

PROJECT STAFF

Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning
Carleen Ho, Engineering Project Manager

PROJECT DESCRIPTION

A new 62-berth harbor located immediately east of Hyde Street to serve the commercial fishing fleet in Fisherman's Wharf. The Harbor will add to the existing 116 berths currently located in the inner and outer lagoons at Fisherman's Wharf. The project incorporates an extensive list of features to improve water quality in the area, including a floating debris barrier, holding tank and bilge pumpout facilities, parking lot drainage into the City sewer system, and recycling facilities. Total project cost is $4.55 million. The Port received a $3.5 million loan from the California Department of Boating and Waterways. The remainder of the cost will be a combination of Port capital and State grant funds.

STATUS

The Planning Commission certified an EIR for the project in December 1996 and found no significant environmental impacts to be caused by the new Harbor. The Port has contracted with Concept Marine Associates to prepare detailed design and construction drawings which are now 90 percent complete. During the past year, Port staff has worked with the Fisherman's Wharf Environmental Quality Advisory Committee to refine the project design and determine the most appropriate water quality improvements that could be included in the project.

APPROVALS

The Port obtained project approval from BCDC on December 3, and a waiver of water quality certification from the Regional Water Quality Control Board in November. A permit from the Army Corp of Engineers is expected in January.

PRIMARY CONSULTANTS

Concept Marine Associates

SCHEDULE MILESTONES

December 1998	Port Commission approved advertising for construction bid
May 1999	Begin construction
November 1999	Complete construction

2. PIER 47A

PROJECT STAFF

Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning
Victor Yew, Project Engineer

PROJECT DESCRIPTION

Remove and reconstruct the existing pier. The Port received a grant from the Federal Highway Administration to reconstruct Pier 47A as a public pedestrian and transient berthing pier. The pier will include an ADA accessible float with berthing space for fishing boats. There will also be viewing areas, lighting, and space for interpretive signage. The pier offers excellent views of fishing boats unloading onto the west side of Pier 45.

STATUS

The Port completed construction documents and advertised for construction bids on April 10. All bids were rejected because they exceeded the project budget. Port crews demolished the unsafe portions of the existing pier in August. The Port will rebid the project for construction in February 1999.

APPROVALS

The Port secured approval from BCDC for the proposed work.

PRIMARY CONSULTANTS

None

SCHEDULE MILESTONES

February 1999	Advertise for construction bids
May 1999	Begin construction
November 1999	Complete construction

3. PIER 45, SHED A

PROJECT STAFF Kirk Bennett, Manager, Waterfront Development Projects
Braj Norris, Special Assistant

PROJECT DESCRIPTION The Port Commission by Resolution No. 97-83, adopted guidelines for long term use of Pier 45 Sheds A & C, based upon recommendations from the Pier 45 Advisory Group. Included in the guidelines is that Shed A is "to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area and include a significant maritime component."

STATUS Pursuant to Port Commission Resolution 97-83, the Pier 45 Advisory Group was reconvened in November 1998 to review and provide recommendations regarding the development concept for a public attraction use in Shed A to be incorporated into a RFP for the development of Shed A.

PROJECT APPROVALS The project will require permits and approvals from the Port Commission and BCDC.

SCHEDULE MILESTONES

May 1999	Complete Advisory Group process and draft RFP
June 1999	Issue RFP

4. PIER 43 ½ PUBLIC ACCESS AREA

PROJECT STAFF	Dan Hodapp, Planner Diane Oshima, Manager, Waterfront Planning
PROJECT DESCRIPTION	Reconstruct the approximately 40 by 60 foot public access area at the northwest end of Pier 43 ½ as required by BCDC. The project will include a raised platform to accommodate wheelchair viewing, and a historic pier bell and replica of a bell reflector. There will also be interpretive signage explaining the history and use of the pier bell. The total project cost is $470,000 which will be funded by a combination of Port Operating and Capital funds.
STATUS	Port Facilities and Operations Division began construction in May 1998 and has completed the pier deck. Construction of the surface improvements and bell structure began in August and will be completed in January.
APPROVALS	BCDC approved the permit for this project in February, 1998.
PRIMARY CONSULTANTS	None
SCHEDULE MILESTONES	January 1999 Complete construction

5. PIER 43 PUBLIC FERRY TERMINAL

PROJECT STAFF

Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning

PROJECT DESCRIPTION

A public ferry terminal will be constructed at Pier 43 to provide a publicly accessible ferry landing in Fisherman's Wharf. The project will include a floating berth, pilings, gangway system, and ramps to connect to Pier 43.

STATUS

The City of Vallejo secured $1.6 million in Federal Ferry Boat Funds and $400,000 in California Transportation Commission funds for the project. The project received federal and state environmental clearance, as well as right of way clearance, in August 1997. The Port and the City of Vallejo have negotiated a cooperative agreement through which the City of Vallejo will fund the project, and manage the design and construction of the terminal.

APPROVALS

The Port Commission approved the cooperative agreement with Vallejo, and must approve a landing rights agreement for the facility. Approval must also be received from BCDC, Army Corps of Engineers and Regional Water Quality Control Board.

PRIMARY CONSULTANT

To be selected.

SCHEDULE MILESTONES

June 1998	Cooperative Agreement Finalized
November 1998	Vallejo issued RFP for design consultant
September 1999	Design to be completed
December 1999	BCDC and other permits received
March 2000	Begin construction

6. PIERS 27 - 29

PROJECT STAFF

Larry Florin, Special Assistant
Braj Norris, Special Assistant
Kirk Bennett, Manager, Waterfront Development Projects

PROJECT DESCRIPTION

The Waterfront Land Use Plan designates Piers 27-29 as a Transitional Maritime Area in recognition of the trend toward consolidating cargo operations in the southern waterfront. The former cargo terminal activities at these piers have been consolidated at Pier 80, and the sites are now being used primarily for interim industrial uses. The Waterfront Plan states that when these facilities are no longer required exclusively for maritime operations, reuse of the facilities should include a mix of maritime and commercial activities consistent with the goals for the Northeast Waterfront. These piers provide key opportunities for publicly oriented activities because of their large surface area, and could be the location for a family oriented recreational or entertainment facility that would particularly appeal to residents of the City and the Bay area.

STATUS

Port staff has begun the review process set forth in Chapter 3 of the Waterfront Plan to determine if, on balance, these piers no longer are required or suitable exclusively for maritime use.

Port staff is working with a consultant to prepare a report outlining the continued viability of the use of the Piers for industrial maritime use. We expect to present these findings to the Commission in January. Staff will also present a proposal to create an advisory committee to review development concepts.

Piers 27/29 was identified in the Waterfront Plan as a possible location for a new passenger cruise terminal. However, the Port Commission determined at its October 27, 1998, meeting that Pier 30/32 was the preferred site for a new passenger cruise terminal.

PROJECT APPROVALS

The project will require Waterfront Design Review, BCDC, Army Corps of Engineers, RWQCB and other approvals.

SCHEDULE MILESTONES

January 1999	Review suitability for continued maritime use

7. BROADWAY HOTEL PROJECT

PROJECT STAFF

Jennifer Sobol, Development Project Coordinator
Kirk Bennett, Manager, Waterfront Development Projects

PROJECT DESCRIPTION

This opportunity is for the development and operation of a first-class full-service hotel at Broadway and The Embarcadero, including Seawall Lots 323, 324, and 322-1, as well as a parcel currently owned by the City. Together, these seawall lots represent one of the few areas north of China Basin Channel where hotels are identified as an Acceptable Use in the Waterfront Land Use Plan. (Hotels are specifically identified as an unacceptable use on all piers.)

STATUS

Pursuant to authorization by the Port Commission at its October 27, 1998 meeting, a Request for Qualifications/Proposals was issued on November 18, 1998. This followed site evaluation and financial analysis of the proposed hotel development, and review and recommendations by an advisory group regarding the development concept.

APPROVALS

The project will require CEQA review, a conditional use authorization and possibly a Certificate of Appropriateness from the Planning Department. It will be subject to design review by the Design Advisory Committee. Approvals also will be required from the Port Commission and the Board of Supervisors.

SCHEDULE MILESTONES

November 18, 1998	Request for Qualifications/Proposals issued
December 9, 1998	Pre-Submittal Conference & Site Tour
January 25, 1999	Qualification responses due

8. PIER 1 MARITIME OFFICE BUILDING

PROJECT STAFF

Kirk Bennett, Manager, Waterfront Development Projects
Jennifer Sobol, Development Project Coordinator

PROJECT DESCRIPTION

Pier 1 will be converted from an interim parking area to Class A office space primarily for maritime-related office uses, including relocation of the Port's administration offices from the Ferry Building, and ancillary restaurant use and offices for the developer, AMB Property Corporation ("AMB"). New and increased public access will extend around the Pier perimeter, and the shed's historic features will be preserved.

STATUS

The Port Commission on May 26, 1998, authorized staff to enter into an Exclusive Right to Negotiate with AMB. The parties are in the process of negotiating the Development Agreement, Master Lease and Sublease Agreement.

PROJECT APPROVALS

A Negative Declaration for the project was published on December 12, 1998. AMB has filed an application nominating Pier 1 for the National Register of Historical Places, which was unanimously approved by the State Historical Resources Commission. The Pier 1 development will require permits from BCDC and the Army Corps of Engineers. The Waterfront Design Advisory Committee reviewed the preliminary conceptual drawings on October 28 and December 16, 1998.

PRIMARY CONSULTANT

AMB has hired SMWM, Architects, Architectural Resources Group (historic architects), and Rutherford & Cheken Structural Engineers to design the project, and Public Affairs Management to administer the environmental review. The Port hired David Robinson Architects to prepare a space program for the Port's offices.

SCHEDULE MILESTONES

December 1998	Finalize Development Agreement, Master lease and Sublease Agreement
January 1999	Obtain certification of Negative Declaration, approval of schematic construction documents by Waterfront Design Advisory Committee, and approval of Development Agreement by Port Commission
July 1999	Convey lease and commence construction
November 2000	Complete construction

9. FERRY BUILDING REHABILITATION PROJECT

PROJECT STAFF Alec Bash, Special Assistant

PROJECT DESCRIPTION The Port is seeking redevelopment of this City Landmark building with ground floor retail, transportation and public uses and complementary upper floor office and other commercial uses. The project has received initial funding from the Federal Highway Administration and the Federal Transit Administration, and will require major private capital to accomplish the renovation of this landmark building. The Port's goals are for a signature project which achieves a high level of public use and support, strengthens the Port's long-term financial position, and enhances the Port's ability to undertake other projects.

STATUS A developer Request for Qualifications and Proposals was issued in May, 1998. Four developers submitted qualifications in June and, following review by a selection panel, the Port Commission invited all four to submit proposals in September. The Commission in November awarded William Wilson and Associates the opportunity to enter into an Exclusive Right to Negotiate Agreement for the rehabilitation and Master lease of the Ferry Building. Environmental review for the conceptual development program is complete. Historic preservation review is pending resolution of the design concept.

APPROVALS The project will require a BCDC permit, and a reduction in code required parking must be approved by the San Francisco Planning Department. Design review is required under the Waterfront Design Review Process.

PRIMARY CONSULTANTS Keyser Marston Associates (financial feasibility), David Robinson (architecture), Public Affairs Management (environmental and historic preservation review).

SCHEDULE MILESTONES

May 1999	Approve Development Agreement and Master Lease
June 2000	Conveyance of Lease and Commencement of Construction
October 2001	Complete development

10. DOWNTOWN FERRY TERMINAL PROJECT

PROJECT STAFF

Alec Bash, Special Assistant
Joe Roger, Structural Engineer

PROJECT DESCRIPTION

This project includes new ferry landings at the Ferry Building and associated breakwater, land-side, and public access improvements to enhance the area as a point of embarkation for commuter, excursion and recreational vessels. During the first phase of the project, the existing North Terminal will be relocated and a new South terminal south of the Ferry Plaza will be constructed to efficiently handle the existing and projected increase in ferry passengers. Longer term, additional berths south of the Ferry Plaza could accommodate a possible airport hovercraft or new ferry services to Treasure Island and other locations. Pedestrian access and circulation will be significantly improved by opening the entirety of the Bay side of the Ferry Building to pedestrians and by creating a central concourse through the Building. Other passenger amenities and architectural features will also be provided to improve the Ferry Building's original function as a ferry terminal.

STATUS

The project has been funded primarily by the California Transportation Commission, the Federal Highway Administration and the Federal Transit Administration. The Project has been fully designed and engineered. Environmental and historic preservation clearances have been secured. BCDC, San Francisco Bay Regional Water Quality Board and U.S. Army Corps of Engineers approvals have been obtained.

APPROVALS

All approvals have been obtained.

PRIMARY CONSULTANTS

ROMA Design Group, Moffat and Nichol Engineers, San Francisco Port Management Consultants

SCHEDULE MILESTONES

December 1998	Solicit Bids for Construction
March 1999	Award Contract
June 1999	Begin Construction
December 2000	Complete Construction

11. MID-EMBARCADERO ROADWAY

PROJECT STAFF	Victor Yew, Engineering Dan Hodapp, Planner Diane Oshima, Manager, Waterfront Planning
PROJECT DESCRIPTION	Embarcadero Roadway improvements, Ferry Building plaza, and Embarcadero Promenade between Broadway and Folsom Streets to match improved Roadway to the north and south of the project area.
STATUS	The project was approved by the Port Commission, Planning Commission, and Board of Supervisors during 1996 and 1997. Construction began on July 13, 1998 and will take approximately two years to complete.

SCHEDULE MILESTONES

July 1998	Construction began
February 2000	Complete construction

12. RINCON PARK RESTAURANT

PROJECT STAFF

Anne Cook, Manager, Waterfront Development Projects
Cheryl Whitfield, Development Project Coordinator

PROJECT DESCRIPTION

The 20,000 square foot site is located at the south end of the approximately 3-acre Rincon Park which will stretch along the Embarcadero between Howard and Harrison Streets. Through an agreement between the GAP (which is building a headquarters office building at Folsom and Steuart Streets) and the Redevelopment Agency, the Park will be designed, constructed and maintained. The restaurant site is within the Rincon Point/South Beach Redevelopment Plan project area, and was the subject of a 1995 Agreement to Lease between the Port and the Redevelopment Agency.

STATUS

The Port Commission authorized Staff to issue an RFP for the project on March 10, 1998 (Resolution No. 98-27) and the RFP was issued on July 23rd. Two proposals were received. In November 1998, the Port Commission authorized staff to enter into negotiations with Nice Ventures Inc. for development of the restaurant.

APPROVALS

In addition to various Port Commission approvals, the Port expects to invite and receive comments on the design of the project from the Redevelopment Agency, the Rincon-Park South Beach CAC and the Planning Department. The Project will require a permit from BCDC. Because the restaurant was studied in the EIR for the Rincon Point-South Beach Redevelopment Plan, no further environmental review is anticipated.

PRIMARY CONSULTANTS

None

SCHEDULE MILESTONES

July 1998	Issued RFP
September 1998	Two proposals received
November 1998	Port Commission authorized exclusive negotiations with Nice Ventures Inc.
	Construction will be coordinated with the Mid-Embarcadero Roadway Project and construction of Rincon Park
May 1999	Approve lease

13. PIER 24 ANNEX MIXED USE DEVELOPMENT PROJECT

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects

PROJECT DESCRIPTION

The Port is soliciting proposals from qualified developer/operators to finance, design, construct, maintain and operate a mixed use development (the "Development") consistent with the Waterfront Plan. The Waterfront Plan lists the following uses, or a combination thereof, as acceptable for the site: Assembly and entertainment, museum, retail (including restaurant) water taxi, public access and open space.

The building is approximately 24,000 square feet. The site could be used for one or more distinct operations under a lease with a single developer.

STATUS

An RFP was issued in October 1998.

PROJECT APPROVALS

The Development will require review by the Waterfront Design Advisory Committee, Environmental Review, BCDC Permit, and Port Commission and Board of Supervisors approval of the Lease.

PRIMARY CONSULTANTS

Structus Engineering performed a substructure inspection.

SCHEDULE MILESTONES

November 1998	Pre-proposal Conference
February 1, 1999	Proposals Due
February 1999	Port Commission Authorizes Exclusive Negotiations with Development Team
July 1999	Approve Lease

14. BRYANT STREET PIER OPPORTUNITY AREA (PIER 30-32/SWL 330)

PROJECT STAFF	Anne Cook, Manager, Waterfront Development Projects Cheryl Whitfield, Development Project Coordinator
PROJECT DESCRIPTION	The Bryant Street Pier Mixed Use Opportunity Area is one of the Port's most attractive development sites and has been the subject of considerable developer interest over the past year. The approximately 12-acre pier and three-acre seawall lot together constitute the Port's largest development site. Pier 30-32 is supported by concrete piles and is in relatively good structural condition. The Waterfront Plan identified this site as an ideal location for public entertainment and attractions with a highly visible maritime component. Support services such as parking and neighborhood-serving business also should be included in the project. Due to the large size of Pier 30-32, the Plan calls for significant maritime and public access uses, together with a mix of commercial activities, all oriented around a common theme, rather than a singular commercial attraction.
STATUS	The Waterfront Plan designated Pier 30-32 (as well as Piers 27-29 & Pier 35) as a possible location for a new passenger cruise terminal. In October 1998, after extensive analysis of the cruise industry's needs and a public hearing, the Port Commission directed staff to prepare a developer request for proposals for a mixed-use development of Pier 30-32 and Seawall Lot 330 that includes the new "James R. Herman Cruise Ship Terminal." The process for this development will include forming an advisory group made up of industry experts and community members, working with the Rincon Point and South Beach Citizen's Advisory Committee, hiring consultants with expertise in cruise terminal development and issuing an RFP.
APPROVALS	This project will require permits and approvals from the Port Commission, BCDC, the Planning Department, the Army Corps of Engineers, among other agencies.
PRIMARY CONSULTANTS	To be selected

SCHEDULE MILESTONES

January 1999	Seek community input, form Advisory Group, issue RFP for consultant services
May 1999	Issue Development RFP

15. PACIFIC BELL BALLPARK

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects

PROJECT DESCRIPTION

Construction is well underway on the Giants' new 42,000-seat ballpark at China Basin. This Project remains a top priority for Port Staff because a number of commitments were made by the Port, the Giants and the City that must be fulfilled prior to opening day in April 2000. Port planners, engineers and property managers are working diligently with the Mayor's Office, other City agencies, and BCDC on the following tasks:

- Pavilion Building redesign review and approval
- Design and construction of a new waterfront park on the south shore of China Basin Channel (a.k.a. China Basin Park)
- SWL 337 parking lot drainage and site remediation plans
- Bicycle lane striping and walkway along Terry Francois Blvd
- Site permit and building permit reviews and approvals
- Ballpark Ferry Landing (see separate description)
- Retrofit and reconstruction of Lefty O'Doul Bridge (a DPW project)

STATUS

Port Commission approved a Ground Lease, Development Agreement and Conceptual Design in 1997. Pavilion Building Design approved August 1998. Pavilion Building re-design, China Basin Park, and parking lot design, and Ballpark construction are underway.

APPROVALS

The Ballpark has received all necessary regulatory approvals. Some of the related tasks listed above will require additional approvals from the Port Commission, BCDC and other City Departments.

PRIMARY CONSULTANTS

None

SCHEDULE MILESTONES

January 1999	Port reviews Pavilion Building re-design
February 1999	Port reviews plans for China Basin Park and bike lanes on Terry Francois Boulevard
April 1999	BCDC reviews China Basin Park plans
July 1999	Parking Lot Construction Begins
April 2000	Opening Day

16. BALLPARK FERRY LANDING – CHINA BASIN CHANNEL

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects

PROJECT DESCRIPTION

The Port and the San Francisco Giants are committed to providing ferry service to the Pacific Bell Ballpark when it opens in April 2000. To accomplish this goal, in June, the Port issued an RFP for a ferry operator to finance, design, build and operate a ferry landing at China Basin Channel. The primary purpose of the project is to ensure ferry service to Ballpark events.

STATUS

The RFP was issued in June 1998 and the Port received one response, from the China Basin Ballpark Company ("CBBC"). Their proposal did not propose any private capital investment in the facility and relied upon the designated tax allocation bond proceeds ($500,000) alone to fund the facility. At the end of October, the Port was awarded $2.0 million in Section 1207 Ferry Boat Discretionary Funds for the project. This funding provides an opportunity to construct a permanent facility better designed to meet long-term needs. The Ferry Boat Discretionary funds must be expended prior to September 1999. To meet this schedule, CBBC will undertake the design and environmental review of the Ferry Landing, drawing upon the $500,000 tax allocation bond proceeds from the Ballpark project. The Port will solicit bids for construction of the Ferry Landing utilizing the $2.0 million grant proceeds.

APPROVALS

The Project will require permits from BCDC, the U.S. Army Corps of Engineers, and the Regional Water Quality Control Board.

PRIMARY CONSULTANTS

CBBC has contracted with Moffat and Nichol Engineers to design the terminal.

SCHEDULE MILESTONES

January 1999	CBBC begins Design and Environmental Analysis of Ferry Landing
February 1999	Port approves conceptual design
July 1999	Port Solicits Construction Bids
September 1999	Begin Construction

17. CHINA BASIN CHANNEL SHORELINE STABILIZATION

PROJECT STAFF	Carleen Ho, Engineering Project Manager Kari Kilstrom, Development Project Coordinator
PROJECT DESCRIPTION	Deterioration has occurred to the existing seawall on the south side of China Basin Channel causing the loss of fill material in certain locations underneath the surface of the planned China Basin Park site. The shoreline between Lefty O'Doul Bridge and the mouth of the Channel will be stabilized prior to the construction of China Basin Park improvements by the Giants (CBBC), defining a fixed edge of development and minimizing ongoing maintenance of the embankment.
STATUS	Funds have been approved in the Port's Capital Plan. Design will begin in the first quarter of 1999.
PROJECT APPROVALS	Environmental Review, BCDC Permit.
PRIMARY CONSULTANTS	Olivia Chen
SCHEDULE MILESTONES	To be determined, based on construction schedule for the Ballpark Ferry Landing.

18. PIER 52 PUBLIC BOAT LAUNCH

PROJECT STAFF

Dan Bell, Planner
Diane Oshima, Manager, Waterfront Planning
Carleen Ho, Engineering Project Manager

PROJECT DESCRIPTION

In 1994 the Port Commission approved $1.4 million in capital funding for a major expansion and public access enhancements at the existing single-lane public boat launch near Pier 52, along Terry Francois Boulevard. The project includes a new double-lane public boat launch, shoreline improvements and public access, area for a future café/bait shop, and an off-site parking lot for auto-trailer spaces. The project also includes a gangway and float for disabled access.

STATUS

Port staff has secured a $295,000 grant from the California Department of Boating and Waterways (Cal Boating) for construction of the boat launch and public access improvements, and an additional $198,000 grant for a 40 space off-site auto-trailer parking lot.

The project description has changed in recent months because of increased construction estimates, in response to land transfers between the Port and Catellus Corporation (developers of Mission Bay), and the need to increase the number of off-site auto trailer-parking spaces.

Due to the results of the bid the project will be reconsidered and reviewed in early 1999.

APPROVALS

The Bay Conservation and Development Commission (BCDC) approved the original design of the boat launch and parking lot in January 1997. BCDC approved an amended design in June 1998. Army Corp of Engineering permits have been secured for the project.

PRIMARY CONSULTANTS

Arcus (Architecture)

SCHEDULE MILESTONES

November 1998	Construction plans released for bid
December 1998	Lowest responsible bid was for $2.5 million
January 1999	Reject bids, reconsider project

19. PIER 70 OPPORTUNITY AREA

PROJECT STAFF Anne Cook, Manager, Waterfront Development Projects

PROJECT DESCRIPTION The Waterfront Land Use Plan identifies an approximately 16 acre Mixed Use Opportunity Area in the vicinity of Pier 70, between 18th and 21st streets. Several historic Union Iron Works buildings are included within this opportunity area. The Waterfront Plan allows non-maritime land uses in this area which result in the preservation and adaptive reuse of the historic buildings, are consistent with the Design and Access Element of the Waterfront Plan, and which do not preclude nearby water-dependent uses or associated support services. Additional development of the Opportunity Area also is permitted provided that public access improvements are extended to the water's edge as indicated in the Waterfront Plan, and other Plan criteria are met.

STATUS Developer interest in the Pier 70 area has increased over the past year, particularly in light of the planned Mission Bay and UCSF projects to the north. Because the Port would like to seize the opportunity to preserve the historic buildings in the Opportunity Area, staff has begun to determine the parameters of a development opportunity in this area.

APPROVALS The project will require various approvals from the Port Commission, the Planning Commission, the Board of Supervisors and BCDC. Portions of the property also may need to be surpluses from the Public Trust. Environmental investigations and review will be required.

SCHEDULE MILESTONES

June 1999	Complete due diligence and project feasibility
September 1999	Issue Request for Proposals

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
JANUARY 12, 1999

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:26 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - December 17, 1998 Special Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the special meeting were adopted.

3. EXECUTIVE

A. Election of Officers

Commissioner McCarthy opened the floor for nominations of Port Commission officers.

ACTION: Commissioner Lee nominated Commissioner McCarthy as President of the Commission. Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. Commissioner McCarthy was unanimously elected President of the Commission.

ACTION: Commissioner Hardeman nominated Commissioner Brandon as Vice President of the Commission. Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. Commissioner Brandon was unanimously elected Vice President of the Commission.

B. Executive Director's Report: Mr. Wong congratulated the newly reelected Commission officers.

Veronica Sanchez, Manager of Governmental Affairs, reported the status of the Central American Relief efforts. Forty-three containers of relief cargo will be loaded tomorrow for Central America, 30 of which will be loaded on the TMM "Leon." In an astronomical gesture of generosity, the Mexican Shipping Line has agreed to make a special call at the Port of Corinto in Nicaragua. The ship will be loaded tomorrow at 3 p.m. and will be sailing Thursday morning. On Friday,

Maruba will be loading the cargo destined for El Salvador and Guatemala. The total estimated value of the relief cargo is over $920,000. The cargo is being loaded into containers with assistance from over 100 Travis Air Force Base Active Duty personnel deployed by the Pentagon. The shipment is also made possible by over $30,000 donations from the community with the assistance of the Hispanic Foundation and the United Way. The "adopt-a-container" program worked effectively. Jim Wiltshire, is a proud parent of a container of medical supplies. At 4 p.m. tomorrow at Pier 80 Shed A, the Port will host a champagne toast to celebrate what has been a very long and trying time. Major donors will be present as well as the Consul General, Marine Terminal officials, TMM and the volunteers. Media coverage has been very helpful and media opportunity will be available from 3 to 5 p.m. Ms. Sanchez indicated that this has been an incredible partnership by all sectors of the community to ship the largest collection of relief cargo in the country.

Commissioner McWilliams thanked and commended Veronica Sanchez and Port staff for all their efforts in making this project successful. He indicated that TMM efforts should also be acknowledged and suggested a humanitarian award in honor of the late Commissioner James Herman be presented to TMM.

ACTION: Commissioner McWilliams made a motion to present TMM with a humanitarian award; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

Commissioner Hardeman indicated that an appropriate plaque could be presented to TMM. Commissioner McCarthy concurred and commended Commissioner McWilliams for the wonderful suggestion. She hopes that this would be a permanent award to be presented to special people on special circumstances.

Ms. Sanchez indicated that she will coordinate with the Executive Director and Peter Dailey to present the James R. Herman Humanitarian Award to TMM Line at a reception to be held in their honor on February 25th.

Commissioner McCarthy thanked everyone involved , particularly Veronica Sanchez and Renee Dunn.

4. MARITIME

5. REAL ESTATE

A. Informational presentation on the status of negotiations between the Port and the Pan Pacific Expo Group for Expo 2002.

Mr. Larry Florin indicated that the Pan Pacific Expo (PPE) Group made a presentation at the Commission's October 27, 1998 meeting to hold an international exhibition on Port property in the year 2002 at Piers 27-35. On November 6,

1998, Port staff presented an informational briefing to the Commission on a proposed action plan to evaluate the PPE proposal. Staff committed to assemble an interdisciplinary team to evaluate their proposal and report back to the Commission at its first meeting in January. Staff has determined that a number of issues would need to be resolved prior to making any commitment as to the availability of Piers 27-35 for the proposed use. It was jointly determined by the PPE and Port staff to look at the following alternative sites: (1) Pier 48, (2) a portion of Pier 50 Sheds A and B and Seawall Lot 339 adjacent to the Terry Francois Boulevard. PPE has been engaged in discussions with both the Giants and Catellus for use of their property to support the fair. PPE has put together two site plans that include property owned by Catellus and one that does not. Under either proposal, PPE believe that the exposition could go forward just using Port property. Discussions with both Catellus and the Giants are continuing.

Mr. Florin indicated that staff would be negotiating a Memorandum of Understanding (MOU) between the Port and PPE that would establish the Port's intention to negotiate a lease which would commence in January 2001. PPE would have to demonstrate that it had reached certain thresholds in financial commitments and have to show they are making progress in resolving regulatory, traffic and other issues. The Port would have the right to terminate the MOU if PPE failed to meets its financial obligations. Staff expects to present a proposed MOU at the next Commission meeting.

Commissioner McCarthy requested that the PPE group formally meet with the South Beach Citizens Advisory Committee to hear their concerns. Commissioner Brandon asked that the group also meet with the Southern Waterfront Committee.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

A. Resolution directing staff to present to Commission any bona fide offer to fund substantial new open space and public access improvements and an underground garage at Seawall Lots 300, 301 and adjacent right of ways (Fisherman's Wharf Triangle) from revenue generated by commercial development on the site; and finding that it is impractical to achieve Waterfront Land Use Plan Policies except through direct negotiations with the long-term leaseholder of a substantial portion of the Triangle Site. (Resolution No. 99-01)

Mr. Paul Osmundson, Director of Planning and Development, indicated that The "Triangle Property" consists of Seawall Lots 300 and 301 and portions of the former Embarcadero Roadway and Mason Street right-of-way, located in the heart of Fisherman's Wharf. It is identified in the Port's Waterfront Plan and Design and Access Element as the potential site of a major open space, underground parking garage and active retail development. Pier 43-½, located across the Embarcadero and adjacent to the Franciscan Restaurant, is also identified as the potential site of a

major open space, along with commercial development.

A public plaza, an underground parking garage and commercial development covering 30% of The Triangle (SWL 300 and 301) are provided for in the plan. The plan provides for the reduction or elimination of parking on Pier 43-½ and the development of open space and commercial development.

In December 1996, the Port, the San Francisco Bay Conservation and Development Commission ("BCDC") and Save San Francisco Bay Association ("Save the Bay") executed a ""Draft Concept Agreement" that set forth the basis for completing the Waterfront Plan and amending BCDC plans to make them consistent with the Waterfront Plan.

Specifically related to the Triangle Property, the Concept Agreement included the following section:

"A central plaza at Fisherman's Wharf, on Seawall Lots 300 and 301, will consist of approximately 70% open space and the balance reserved for a festive market hall for commercial or retail uses. New retail or commercial structures will be designed in a manner compatible with the open nature of the plaza. The open parking lot will be replaced by an underground parking garage."

The Concept Agreement further states:

"The Plaza and underground parking garage at Fisherman's Wharf will be financed by revenues from new retail and commercial development on the site."

The Alioto Fish Company ("AFC") currently holds a 66-year lease with approximately 37 years remaining for approximately 19,490 square feet of the Triangle Property, and a month-to-month license for an additional 2,241 square feet. The existing long-term lease is for restaurant uses. The remainder of the Triangle Property is under a month-to-month agreement with the Fisherman's Wharf Restaurant Association for surface parking.

The Franciscan Restaurant ("Franciscan") currently holds a 66-year lease with approximately 37 years remaining for 72,254 square feet of Pier 43-½.

The Port has been approached by Alioto Fish Company and a potential developer, Portside Crossing Associates ("PCA"), regarding the possibility of a mixed-use development on The Triangle Property. The proposal includes hotel and retail uses, an underground parking garage of approximately 330 spaces, and plaza and open space. Because of the cost of acquiring existing leaseholds, and developing the underground parking garage and open space, the developer has proposed development on more than 30% on the Triangle Property. The Developer has had discussions with BCDC and Save the Bay regarding the Concept Agreement and how it would be affected and how it would affect the Agreement.

In order to pursue this project, the Port Commission would need to consider taking the following actions and undertake the following processes:

1. Port Commission approval of direct negotiations for the subject property, and a finding that competitive bidding is impractical and impossible.

2. Port Commission approval of an "Exclusive Negotiation Agreement" between the Port, AFC and PCA that provides the framework for negotiating a development agreement and lease for the project.

3. Appointment of an Advisory Group pursuant to the Waterfront Plan, to provide input into the development concept, and to work with affected Port tenants and Fisherman's Wharf community to determine open space design and a program to meet interim parking and vehicular circulation.

4. Completion of required environmental review for the project.

5. Certification of the environmental document, and approval of a development agreement, new lease and sale or assignment of the existing affected leaseholds.

In addition, other steps that will be undertaken include amendments to the Waterfront Plan, design review by the Waterfront Design Review Committee, Planning Commission consideration of a conditional use permit and General Plan and Planning Code Amendments, a BCDC permit and Board of Supervisors approvals.

Commissioner McWilliams inquired about the scope of the existing lease on The Triangle. Mr. Osmundson replied that the existing lease on The Triangle is for restaurant uses and the remaining term is approximately 37 years. The Franciscan Restaurant has 37 years remaining for Pier 43-½.

Commissioner McCarthy inquired if the 72,254 sq. ft. under Franciscan Restaurant lease include the restaurant. Mr. Osmundson replied that the 72,254 sq. ft. is for parking only. The restaurant is under a separate lease.

Jennifer Clary, San Francisco Tomorrow Board of Directors, indicated that this is an example of why we have an agreement between BCDC and the Port. One of the reasons behind the agreement is that open space should not be triggered by development. This is a prime example in that someone who has a lease on 20% of the triangle is holding up the Port to develop the entire triangle and developing less than what is required in the Waterfront Land Use Plan. She suggested that at a minimum, the Port should be soliciting other offers to find out if it's not viable to develop 70% of the triangle for open space as specified in the BCDC Agreement and the Open Space Plan. She asked if an independent analysis has been done other than the analysis that was done by Alioto Fish Company. She assumed that some professional analysis was done by the Port to confirm Alioto Fish Company findings. She asked how much more than the 30% is the developer contemplating in developing. She

asked that some parameter should be established. She's concerned that the very first chance that the Port has to develop open space under the Waterfront Land Use Plan it would seem that the Port is backing off the Plan and backing off from an agreement that has not been formalized. She urged the Commission not to vote on this item today.

Tim McDonnell, Fisherman's Wharf Restaurant Association and owner of Tarantino's Restaurant, spoke on behalf of a number of tenants in the Triangle parking lot. Over the years, they have worked with the Port on that lot, operated it and worked hard to maintain it. They only heard about this issue last Friday afternoon They were taken by surprise because of such a large and important development on a site that is critical to all of their businesses was not known to them. He has spoken with the tenants in the area and they asked to be included in discussions prior to issuing any exclusive right to negotiate. The parking lot occupies approximately 75% of the Triangle lot. Anything that goes in there is extremely important to the area and to their businesses. They would like an open, candid discussion with Port staff and the developer. They feel it is premature to approve an exclusive right to negotiation on a piece of property that is critical to their existence.

Tom Creedon, President of the Fisherman's Wharf Association, indicated that at today's Fisherman's Wharf Association Board of Governors meeting, there was a big concern about this issue. Misinformation or no information creates a lot of discussion. He asked the Commission to not vote on this item today until such time that the public has had an opportunity to see what has been planned and what their options are. He reiterated that this area is crucial and anything that is done to the triangle affects all of Fisherman's Wharf.

Jeffrey Pollack, Fisherman's Wharf Port Tenants Association, concurred with Tim McDonnell and Tom Creedon. Their organization heard about this matter yesterday morning. Since they are Port tenants, they have a contractual relationship with the Port that they should be given notice if something of this nature occurs. At the Fisherman's Wharf Merchants Association meeting this morning, a resolution was passed asking the Commission to give them more time to review the matter and for the developer and Alioto Fish Company to present and discuss their plans with the Fisherman's Wharf Merchants, Port Tenants and Fisherman's Wharf Restaurant Association and Pier 45 advisory group. This, unquestionably, has a major impact on the Triangle. He finds it strange that none of them were given any notice of the resolution that the Commission is being asked to approve. He asked that this resolution be tabled until it is presented to the affected group.

Nunzio Alioto, Alioto Fish Company (AFC), indicated that approximately 12 months ago, they were negotiating with the Port to develop their leasehold (Expo/Boudin) property. During the negotiations, they were contacted by a developer who was interested in their leasehold. At the time, the developer understood that the Port wanted an underground garage at the site. The developer was also negotiating with the Port a hotel and potential retail on the site. Mr. Alioto emphasized that AFC was not involved nor has any interest in the project other than the selling of their

leasehold. They have had two or three conversations with the developer. He and Al Baccari have met with the developer to discuss and address the issues that might arise prior to meeting with the merchants and other communities. There has not been any formal meeting with the merchants regarding this project since the meeting that was scheduled was cancelled at the developer's request. He and his family would like to see uses that would be conducive to the area. They felt that a hotel with underground parking and a retail complex would be a positive thing. It would bring non-competitive use in the area and patronize their businesses. This would eliminate a development by AFC; however, they are prepared to develop the property if this deal does not materialize. They believe that this would be the wisest way to go not just for them but for their neighbors. He has concerns about the development at the waterfront, China Basin, and South of Market. He would like to see some vision in terms of developing the area in the future. With that in mind, they entertained the offer from the developer. It was their understanding that the purpose of this meeting was for them to give the developers their lease to commence negotiations with the Port and start the process of meeting with the regulatory agencies. He emphasized that this was not meant to put people aside and do something under the table. The merchants were contacted and informed of the meeting that was subsequently cancelled. He indicated a yes vote on this item does not commit the Commission to anything; it would simply allow the process to commence. Some of the conditions that they put into the agreement with the developer were that the Port understands that if parking is not addressed i.e. if parking is not the same as it is now, there will be no deal. If parking cannot be mitigated during construction there will be no deal. Other conditions such as directional signage, gateway signage, view corridors, traffic, etc. are incorporated in the deal to make sure that the area is taken care of. They have received a letter from the Port indicating that staff would support those types of issues. He asked for the Commission's support.

Mr. Jeffrey Pollack indicated that he is not convinced, given the fact that none of them were given any specific information on the plan, that competitive bids should not be entertained. He indicated that to unilaterally take this resolution is wrong. They are all impacted by what happens in the Triangle parking lot.

Commissioner McCarthy wondered why the developers were not in attendance. She suggested that the developer meet with the Pier 45 Advisory Group, the Fisherman's Wharf Restaurant Association, the Port Tenants Association, the Fisherman's Wharf Association, San Francisco Tomorrow and other interested organizations.

ACTION: Commissioner Hardeman moved approval to continue this item to the next meeting; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

B. Informational briefing on status of Port Planning & Development Projects.

Mr. Paul Osmundson, Director of Planning and Development, indicated that the Port Commission adopted the Waterfront Land Use Plan ("Waterfront Plan") in June 24, 1997. The purpose of this presentation is to inform the Commission of the status of

the major Planning & Development projects. This report was also mailed to all members of the Waterfront Plan Advisory Board and other advisory committees.

Staff continues to work with BCDC in finalizing the agreements and amending the Special Area Plan. Staff will be providing the Commission a more detailed briefing on the status of the BCDC negotiations in the near future.

With regard to the historic preservation policies, the Waterfront Land Use Plan includes a number of historic preservation policies. Staff continues to assess the scope of additional study that needs to be conducted. Pier One was listed on the National Register of Historic Places on January 5, 1999. This clears the way for the developer to seek historic preservation credits if they comply with the Secretary of Interior Standards for historic preservation. The Ferry Building is also on the National Register. Staff will continue to work on a project by project basis, paying close attention to historic preservation issues

The Port has established a Southern Waterfront Advisory Committee (SWAC) to solicit input regarding lease proposals for Port property, including environmental mitigation and monitoring requirements. Larry Florin, Braj Norris, Real Estate and Planning & Development staffs are meeting on a continuing basis with the Southern Waterfront Advisory Committee to inform them of the leasing and development activities in the area.

The Commission approved advertising for construction bid for the Hyde Street Fishing Harbor project on December 1998. This is an exciting opportunity to support the fishing industry.

Pier 47A, adjacent to Scoma's Restaurant, is being redesigned. The bids came in much higher than anticipated. Staff needs to bring the project cost down and address disability access issues. The project is funded by federal grants and Port Capital Funds.

Pier 45 Shed A, Kirk Bennett and Braj Norris are working with the Pier 45 Advisory Group to discuss the issuance of an RFP in May 1999.

There are several projects at Pier 43 ½ such as the Public Access Improvements and Public Ferry Terminal.

The Waterfront Land Use Plan designates Piers 27-29 as a Transition Maritime Area in recognition of the trend toward consolidating and relocating cargo operations in the southern waterfront for some of the potential conflicts for the public access and traffic. The process has begun and staff will be reporting back in the near future on the outcome of the consultant report.

The Broadway Hotel Project RFP was issued in November. Prior to that, the Port convened an advisory group and sought the input of the community and adjacent property owners and businesses particularly the scope, the height and the massing of

the building. Staff felt that those concerns were addressed. DPW controls a piece of property in the area that the Port would like to include in the development. The Finance Committee passed a resolution transferring the property to the Port. The deadline for submission of the qualifications and proposals is January 25. However, the deadline might be extended. Staff will then review the qualifications and will brief the Commission on the process to shortlist developers.

Mr. Osmundson reiterated that Pier One is listed in the National Historic Register. At last night's BCDC Design Review Board meeting wherein AMB and SMWM were also in attendance, the Design Review Board were concerned about public access and some of the features of the building. Port staff is confident that those issues will be worked out and the historic resources issues would also be resolved. Staff expects to present the development agreement and lease for Commission's approval at its next meeting. Staff expects the CEQA and negative declaration to be finalized.

Mr. Osmundson indicated that the conveyance of lease and commencement of construction for the Ferry Building project would be in January 2001 instead of June 2000. The protest filed by the Mentmore Development Company has been dropped. Staff is in negotiations with William Wilson and Associates.

The Downtown Ferry Terminal Project is ready to go out to bid. Staff is doing some final schedule adjustments and coordination with the Ferry Building developer so that the two projects are coordinated to the greatest extent possible.

Mid-Embarcadero Roadway project was 5-days behind schedule but are now on back on track.

Staff will be briefing the Commission on the Rincon Park Restaurant project in the executive session. Staff is discussing with the developer some of the terms in the exclusive right to negotiate.

Staff extended the deadline on the Pier 24 Annex proposals to February 1, 1999.

Staff is going to hire a consultant to assist staff in drafting the RFP for the Pier 30-32 Bryant Street Opportunity Area. The cruise terminal will be the major feature of the project. Staff will be appointing an advisory group to assist staff in establishing parameters for the project.

The Pacific Bell Ballpark is also on schedule. The following items will be brought back to the Commission for approval:

- Redesign of the Pavilion Building
- Design and construction of a new waterfront park on the south side of the China Basin Channel
- Parking Lot on SWL 337

The Ballpark Ferry Landing Project is also moving extremely well. Staff is obtaining approvals from the Metropolitan Transportation Commission and federal funding agencies. CBBC has selected a contractor to develop the design. Staff is confident that this project will be under construction and completed in time for opening day.

Staff is taking responsibility for the China Basin Channel Shoreline Stabilization. The bids for the Pier 52 Boat Launch are much higher than funded for. Staff will be reassessing this project and will report the status in the next month or two. Staff has worked long and hard to mitigate the conflicts between ballpark traffic and boaters.

Pier 70 is an opportunity area that is very exciting. There is a lot of developer interest in the site. SF Drydock's lease affects the bulk of Pier 70 but it does not affect the opportunity area. There is an additional property south of 20th Street that is not under lease to SF Drydock but is identified in the BCDC Seaport Plan and the Waterfront Land Use Plan as reserved for container terminal use. A study is underway for the whole central waterfront area. Staff will be pursuing the RFP for development of upland opportunity site independently.

Commissioner McWilliams asked if the Ballpark Ferry Landing project will be on the bay side of the bridge. Mr. Osmundson replied that it is on the bay side of the Third Street bridge.

Commissioner Hardeman thanked Mr. Osmundson for the status reports on various Port projects and finds it refreshing and helpful. Commissioner McCarthy concurred with Commissioner Hardeman's comments.

Jennifer Clary, San Francisco Tomorrow Board of Directors, indicated that she just found out about the other two advisory committees. She asked that notification of the meetings and the membership be sent out to the regular mailing list. She asked about the project by project basis of the historic preservation as it was her understanding, under the BCDC agreement, that there would be a creation of a historic district. She also reminded the Commission that the Port of San Francisco is now the largest developer in San Francisco. She suggested that when the Port has development plans, it should also have transportation plans. She recommended that the Commission start doing transportation planning not on a project by project basis but on an area wide basis, which has to happen prior to planning contracts for the projects. She asked if an advisory board has been established for the Pier 24 development.

Mr. Osmundson indicated that it was not the Port's intention to exclude citywide participation on the advisory groups. With regard to the area wide preservation plan, staff is continuing its discussion with BCDC in finalizing the Special Area Plan. Port staff will to rely on the South Beach Citizens Advisory Committee to act as the advisory group for the Pier 24 project.

Diane Oshima, Planning Development staff, indicated that the Port has an ongoing planning effort for historic preservation. The Planning Department is currently

understaffed but staff has been doing research work with Heritage. Staff recognizes that historic preservation efforts on individual structures not be hampered by the resource shortage available for the work program. Staff will ensure that the Pier One and the Ferry Building projects will move forward.

Commissioner McCarthy reiterated that if those projects are completed it would then free up staff to move ahead on other projects. Ms. Oshima replied that it would only to a certain extent since other projects such as the Fisherman's Wharf, permitting and BCDC negotiations are already underway. Staff is trying to do as much historic preservation work as they can but it's not as quick as they would have wanted.

Ms. Oshima indicated that the Pier 22-½ fireboat house, south of the Ferry Building, has been nominated as a City landmark.

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:30 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thatcher*

b. Property: 400 Jefferson Street
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
Cioppino's Restaurant: Nick Hoppe*

c. Property: Rincon Park Restaurant Site (southern end of the planned Rincon Park along the Embarcadero between Folsom and Harrison Streets)
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
Nice Ventures, Inc.: Reed Hearon*

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

12. RECONVENE IN OPEN SESSION

At 7:00 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:05 p.m.

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SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING – PLEASE NOTE THE DATE/TIME OF THE MEETING
→→→3:00 P.M., TUESDAY, JANUARY 26, 1999←←←
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS / PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Portions of Pier 48/Pier 50, Seawall Lot 339
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate & Larry Florin, Director of Special Projects
Pan Pacific Expo: Art Blum*

An executive session has been calendared to discuss real estate negotiations between the Port and Pan Pacific Expo regarding Port property located at portions of Pier 48/Pier 50, Seawall Lot 339.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

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San Francisco Lobbyist Ordinance

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 - 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

CITY & COUNTY OF SAN FRANCISCO
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MINUTES OF THE SPECIAL MEETING
JANUARY 26, 1999

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 3:05p.m. The following Commissioners were present: Denise McCarthy, Michael Hardeman and Pius Lee. Commissioner Kimberly Brandon arrived at 3:20 p.m. Commissioner Brian McWilliams was not present.

2. NEW BUSINESS / PUBLIC COMMENT

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:07 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Portions of Pier 48/Pier 50, Seawall Lot 339
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate & Larry Florin, Director of Special Projects
Pan Pacific Expo: Art Blum*

3. RECONVENE IN OPEN SESSION

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:20 p.m.

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REGULAR MEETING
4:00 P.M. TUESDAY, JANUARY 26, 1999
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - January 12, 1999 Special Meeting
   - January 12, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE**

   A. Authorizing the Executive Director to enter into a Letter of Intent between the Port and the Pan Pacific Exposition Group for Piers 48, a portion of Pier 50 and Seawall Lot 339 for purposes of staging an International Exposition. (Resolution No. 99-05)

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

   A. Approval of $115,000 in funding for BCDC to complete amendments to the San Francisco Special Area Plan. (Resolution No. 99-04)

   B. Resolution adopting findings that Pier 27/29 is not needed exclusively for maritime industrial uses and can be utilized for non-maritime uses and directing staff to prepare a Request for Developer Proposals. (Resolution No. 99-03)

8. **FINANCE & ADMINISTRATION**

9. CONSENT CALENDAR

A. Approval of one-month extension of Exclusive Right to Negotiate with AMB Property Corporation for Pier One. (Resolution No. 99-02)

10. NEW BUSINESS / PUBLIC COMMENT

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11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thatcher*

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

b. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
Fog City Diner: Bill Upson*

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Fog City Diner regarding the property located at 1300 Battery Street at the Embarcadero.

c. Property: located at Broadway and The Embarcadero
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to discuss with the real estate negotiator responses to the Broadway Hotel RFQ/P and to review the selection process.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

- Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

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PORT OF SAN FRANCISCO

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MEMORANDUM

January 20, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of a Letter of Intent between the Port and the Bay Area Pan Pacific Expo, Inc. for an International Exposition to be held at Piers 48, 50 Sheds A and B and Seawall Lot 339.

The Bay Area Pan Pacific Expo, Inc. (PPE) proposes to hold an international exhibition on Port property in the year 2002. PPE presented its initial analysis on the viability of holding an exposition at Piers 27-35. Working with the PPE, staff identified an alternative site for the exposition. The area which is the subject of this letter of intent, is in the central waterfront area and consists of Piers 48, a portion of Pier 50, and Sea Wall Lot 339 adjacent to Terry Francois Boulevard. The PPE has indicated that this is the minimal amount of property that they would need to stage this exposition. In order to accommodate a potentially larger exhibition space, as well as to meet potential transportation needs, the PPE will engage the Port, and current Port tenants, in discussions regarding the potential use of Pier 54 and currently leased portions of Pier 50. In addition the PPE has started discussions with the Giants over use of SWL 339 for use of the parking lot on non-game days and with Catellus over use of some of their adjacent space as exhibition space.

This Print Covers Calendar Item No. 5A

The Letter of Intent between the Port and PPE is for an option period which would commence upon payment of a $25,000 deposit to the Port and would extend no later than January 31, 2001. At the end of the option period it is anticipated that a lease between the PPE and the Port would commence. The Letter of Intent is structured in a manner as to create four time periods during which the PPE will have had to meet certain obligations in order to advance to the next phase in the process. These periods are defined in the letter of intent as follows:

1. This first payment of $25,000 would start the letter of intent and would specifically guarantee an option on the property that would run until July 31, 1999. During this initial period the organizers of the Expo would be required to identify the specific site for the exposition and raise $2,000,000 towards the staging of this event.

2. Period 2 would commence on August 1, 1999. It will require a further deposit of $50,000. During this second period the PPE will be required to apply to the appropriate regulatory agencies for the approvals necessary to stage the event. In addition the PPE will have to raise a total of $15,000,000 towards the staging of the event.

3. Period 3 will commence on April 1, 2000. The PPE will be required to pay an additional $75,000 to enter the third period. During this phase the PPE will have to demonstrate that it has raised $25,000,000 towards the staging of this event.

4. The final period will be on July 31, 2000 and will run until either such time as the PPE is ready to enter into a lease for the premises, or January 31, 2001, whichever comes first. This period will require an additional $150,000 deposit. To complete this phase the PPE will have to be in a position to sign a lease agreement with the Port. This will require that all necessary regulatory approvals have been obtained, including environmental review and BCDC approval.

Of the total $300,000 payments, $100,000 will be credited against rent if the Port and PPE successfully negotiate a lease of the property.

Prior to the Executive Director signing the agreement, the PPE will have to demonstrate that they have met with community groups and Port tenants that have been identified by Port staff and apprise these groups of the proposed exposition. At a minimum, these groups will include the Rincon Point South Beach CAC, the Mission Bay CAC, the Southern Waterfront Advisory Committee, the Potrero Hill Merchants Association, Mission Creek Harbor Association, Dog Patch Neighborhood Association, Potrero Hill Booster and Neighbors. In addition the PPE shall notify Port tenants of community meetings regarding the exposition that may be of interest to these associations.

Prepared by: Larry Florin, Director of Special Projects

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-05

WHEREAS, Under the City and County of San Francisco Charter, Section B3.581, the Port Commission has the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within the Port jurisdiction; and

WHEREAS, The Bay Area Pan Pacific Expo, Inc. a California Corporation, has expressed an interest in staging an International Exposition on Port property in the year 2002; and

WHEREAS, The Port of San Francisco has identified an appropriate site for the staging of this exposition;

WHEREAS, The Port of San Francisco has identified community groups that they would like the Bay Area Pan Pacific Expo, Inc. to apprise of the proposal for this exposition prior to execution of any agreement; now therefore be it

RESOLVED, That the Executive Director is authorized to enter into a Letter of Intent with the Bay Area Pan Pacific Expo, Inc. for Piers 48, 50 Shed A and B and Seawall Lot 339 in substantially similar form to the agreement attached to this resolution when the Bay Area Pan Pacific Expo, Inc. has demonstrated that it has met with community and neighborhood organizations potentially impacted by the staging of this exposition.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 26, 1999.

Secretary

PORT OF SAN FRANCISCO

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Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

VIA FACSIMILE (415) 982-2701

Steven H. Herman, Esq.
Law Offices of Steven H. Herman
Pier 35- Second Floor
West Gate
San Francisco, California 94133

Bay Area Pan Pacific Expo, Inc.

Dear Steve:

The purpose of this letter is to outline certain understandings reached between the Port of San Francisco and your client, Bay Area Pan Pacific Expo, Inc.

BACKGROUND

We understand that your client, Bay Area Pan Pacific Expo, Inc. (Organizer) proposes to hold an international exposition (the "Expo") on Port property in the year 2002.

Your plans call for a major exposition, which will attract numerous international, domestic and corporate exhibitors who will develop and operate high quality exhibits. The projected cost of the Expo is approximately $223 million. Specifically, Organizer wishes to locate the Expo on: (1) all of Pier 48, (2) sheds A and B on Pier 50, and (3) Seawall Lot 339 (herein collectively called the "Site"). Organizer wishes also to expand the Site, if possible, to include the currently leased areas of Piers 50 and 54, and additional Port property, as yet unidentified, for parking.

UNDERSTANDINGS

The following represents a general outline of the Port's willingness to lease the Site to Organizer for the planned Expo, subject to all the terms and conditions specified in this letter:

1. Negotiation

During the period identified in Section 2 below, along with any applicable extension, the Port and Organizer will diligently meet, negotiate in good faith, and seek to complete a lease for the Site on which to hold the Expo in a form approved by the San Francisco City Attorney, incorporating specific terms, including, without limitation, the Port's and Organizer's responsibilities, the economic parameters, use standards and requirements, and a performance schedule (collectively the "Lease"). The Lease will be subject to approval by the Port Commission and, if necessary, by the City and County of San Francisco Board of Supervisors. The Organizer's right to negotiate with the Port as described in this letter is referred to as the Exclusive Right to Negotiate.

2. Term/Extension of Term

The term of the Exclusive Right to Negotiate shall begin on February 1, 1999, and end on July 31, 2000. The term may be extended once for a six (6) month period beginning August 1, 2000 and ending January 31, 2001, if the conditions for extension are met as described in Section 11 below. The term, including the extension, if exercised, is referred to in this letter as the "Term."

3. Interim Uses

During the Term of the Exclusive Right to Negotiate, the Port will not solicit or consider any other proposals or negotiate with any other person or entity for the development or long term use of the Site, except that the Port shall have the right, at its option, to improve the Site, use the Site for any lawful use or uses, continue interim uses of the Site, and to negotiate, license, lease or otherwise convey an interest in all or any portion of the Site, and keep the revenues therefrom, as long as the terms of such arrangements do not extend beyond the Term, and do not materially conflict or interfere with Organizer's use of the Site as contemplated by this agreement.

4. Negotiating Fees

Organizer shall pay the Port the sum of Three Hundred Thousand dollars ($300,000) as a Negotiating Fee in the amounts and at the times specified below, for the right to negotiate exclusively with the Port for the Site during the Term. Subject to Section 15 below, the Negotiation Fee is non-refundable whether or not the parties enter into a Lease, except that one hundred thousand dollars ($100,000) of the fee shall be credited toward rent if the parties subsequently enter into a Lease:

A. Twenty-five thousand dollars ($25,000) payable on execution of this letter agreement;

B. Fifty thousand dollars ($50,000) payable on or before August 1, 1999;

C. Seventy-five thousand dollars ($75,000) payable on or before April 1, 2000; and

D. One hundred-fifty thousand dollars ($150,000) payable on or before July 31, 2000

5. Financing

Organizer shall provide to Port in the amounts and at the times specified below evidence of financing for the Expo: (1) in cash or in the form of a letter of credit or equivalent security from a reputable institutional lender: (a) based in the United States; or of international stature, in the form and amount acceptable to the Port, in its reasonable

discretion, or (2) in the form of other debt financing or financing commitments (including, by way of example only, sponsorship agreements, licensing agreements, concession agreements, exhibitor agreements, and the like) in the form and amount acceptable to Port in its sole and absolute discretion:

A. On or before August 1, 1999, evidence of financing in an amount not less than two million dollars ($2,000,000);

B. On or before April 1, 2000, evidence of financing in an amount not less than fifteen million dollars ($15,000,000), including the amount from Section 5(A) above; and

C. On or before July 31, 2000, evidence of financing in an amount not less than twenty five million ($25,000,000), including the amounts from Sections 5(A) and (B).

Port or its designated agents or representatives shall have the right to audit Organizer's financial records related solely to the Expo upon reasonable prior written notice and at Organizer's headquarters office, and Organizer shall cooperate with the Port or its agents or representatives in providing requested information including, without limitation, written representations regarding its financial affairs. Organizer understands and agrees that any documentation provided to the Port or its agents or representatives which relates to the Expo may be subject to disclosure under applicable Federal, state or local public records disclosure statutes.

6. Site Plan

On or before August 1, 1999, Organizer shall provide to Port for its approval, in its sole discretion, a proposed site plan and related documentation, as described herein (collectively the "Site Plan") for the Expo. The Site Plan shall, among other things, delineate the precise property to be used for the Expo including any property not owned by the Port, and the proposed uses for each portion of the property (e.g., parking lots, corporate exhibits, bridge locations, marine use locations). If the Site Plan includes property not owned by the Port, Organizer shall also provide written evidence that it has obtained the right to use the property for the Expo. After Port approval of the Site Plan, Organizer shall make no further changes to the Site Plan without Port approval, which may be granted or denied in its sole discretion.

Port agrees: (1) to discuss in good faith with Organizer the potential inclusion in the Site of Piers 50 and 54 together with all adjacent bulkhead areas and improvements, subject to existing tenant rights; and (2) to identify and discuss in good faith with Organizer the potential inclusion in the Site of Port-owned property which could accommodate parking for the Expo, subject to existing uses and tenant rights. The parties agree to take all reasonable steps to accomplish these objectives on or before April 30, 1999.

7. Regulatory Submittals and Approvals

The parties acknowledge that certain regulatory approvals are required for the project. These approvals may include, by way of example only, approvals from the Bay Conservation and Development Commission ("BCDC"), environmental review by the San Francisco City Planning Department's Office of Environmental Review ("OER") pursuant to the California Environmental Quality Act ("CEQA"), the Army Corp of Engineers, United States Coast Guard, Regional Water Quality Control Board, and the Port, in its regulatory capacity (collectively, the "Regulatory Approvals").

On or before October 1, 1999, Organizer: (1) shall have applied, in a complete and responsive manner, for all necessary regulatory approvals, except for those that can only be applied for following approval by other agencies (by way of example only, a BCDC approval) (in which case Organizer shall completely and promptly pursue those approvals as soon as possible) and except for any building permit granted by the Port in its regulatory capacity (which Organizer shall apply for in a timely and complete manner after further refinement of its construction design); and (2) shall have provided copies of all such applications to Port. The Port, if required, agrees to co-apply with Organizer for any required approval from BCDC.

After submittal of its applications, Organizer shall diligently pursue the same to completion and respond to all additional requests for information or documentation from regulatory agencies expeditiously and in good faith. Organizer shall provide Port with copies of all additional information or documentation concurrently with submission of same to a regulatory agency.

On or before execution of a Lease, Organizer shall have provided evidence to the Port that it has obtained all of its Regulatory Approvals for the Expo.

8. AS-IS Condition of Site

Organizer will accept possession of the Site in its "AS-IS" condition, and Port shall have no responsibility to repair, improve or otherwise make alterations or undertake remediation of any hazardous or toxic materials with regard to the Site. In particular, by way of example only, Organizer acknowledges that Pier 48 has been damaged by fire and that the Port makes no assurances that it will be repaired, reconstructed or restored in any manner whatsoever.

8a. Due Diligence

For a period of six (6) months after execution of this letter, Organizer shall have the right to enter upon the Site to conduct any inspection, tests or other reasonable due diligence activities, under a Permit to Enter in a form approved by the San Francisco City Attorney's office which, among other things, will require the Organizer to indemnify the Port and the City and County of San Francisco, and to provide evidence of insurance acceptable to the

Port. The Port shall cooperate with Organizer's reasonable requests regarding its due diligence activities.

9. No Right to Assign

Organizer shall have no right to assign all or any portion of its rights under this letter agreement. Any attempted assignment shall render this agreement void. Prohibited attempted assignments include, without limitation, any change whatsoever in the organizational structure of Organizer whether, by way of example only, by dissolution, merger, consolidation, reorganization, sale, transfer or hypothecation.

10. No Subordination

Organizer understands that the Site is public trust property, and the Port will not subordinate its interests to any financing arranged by Organizer.

11. Option to Extend

Provided that Organizer is not in material default under this agreement and provided that Organizer has timely and completely paid the fees set forth in Section 4 and provided evidence of financing set forth in Section 5 of this letter, Organizer shall have a one time right to extend the term of this agreement for a six (6) month period at the end of the initial term. If Organizer fails to provide the Port with written exercise of its option which complies with this Section 11 on or before expiration of the initial term of the Exclusive Right to Negotiate, the Exclusive Right to Negotiate shall terminate at the end of the initial term.

12. Seawall Lot 339

Organizer acknowledges that the Port does not currently have title to Seawall Lot 339, but expects to receive title by the summer of 1999. If Port does not have clear title to Seawall Lot 339 by that time, Seawall Lot 339 shall not be included within the definition of the Site as defined in this letter.

13. Consultation with Interested Groups

Immediately upon execution of this letter by Port and Organizer, Organizer shall take expeditious and good faith steps to consult on a continuing basis with interested community groups regarding its plans for the Expo, and to promptly advise the Port in writing of such efforts and the groups' responses to Organizer's plans. The community groups shall include, without limitation the: (1) Rincon-South Beach Citizens Advisory Committee; (2) Potrero Hill Neighbors Association; (3) Southern Waterfront Advisory Committee; and (4) Friends of Islais Creek.

14. Organizer's Costs and Liabilities; Indemnity

Organizer shall pay and be responsible for all costs and liabilities incurred to comply with any condition set forth in this letter agreement including, without limitation, all costs of due diligence, studies, reports, specifications, or other information required to be submitted for the Regulatory Approvals. The Port will reasonably cooperate with Organizer in processing Regulatory Approvals to the extent required by any regulatory agency, but nothing in this Section 14 or this letter agreement shall be deemed to limit or otherwise constrain the Port's discretion, powers or duties as a regulatory agency of the City with certain police powers.

To the fullest extent permitted by law, Organizer agrees to indemnify and hold the Port, the City and County of San Francisco (the "City") and their agents, employees and representatives harmless from and against any loss, expense, cost, damage, attorney's fees, penalties, claims or liabilities which the Port or the City may incur because of Organizer's failure to obtain or comply with the terms and conditions of any Regulatory Approval.

15. Default

A. Event of Default. The occurrence of any of the following shall constitute a default by Organizer:

(1) Failure to pay any sums due hereunder when due.

(2) Failure to perform or abide by any other provision of this agreement.

(3) Either (i) the filing by Organizer of a petition to have Organizer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization or arrangement under any bankruptcy or insolvency law, or a general assignment by Organizer for the benefit of creditors; or (ii) the filing by or against Organizer of any action seeking reorganization, arrangement, liquidation, or other relief under any law relating to bankruptcy, insolvency, or reorganization or seeking appointment of a trustee, receiver, or liquidator of Organizer or of any substantial part of Organizer's assets.

B. Port's Remedies. In the event of default, Port, at its option, may terminate the Exclusive Right to Negotiate upon written notice to Organizer. This remedy is not exclusive, but shall be cumulative with any remedies now or later allowed by law.

C. Organizer's Remedies

If Port is in material default under this agreement, Organizer's sole and exclusive remedy shall be to terminate this agreement upon written notice to Port, and Port shall return to Organizer any negotiation fees paid to the date of the default.

16. Attorney's Fees

In the event of any action or proceedings at law or in equity between the Port and Organizer to enforce any provision of this agreement or to protect or establish any right to remedy of either party to this agreement, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses as determined by the court, including reasonable attorney's fees, incurred therein by such prevailing party; and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney's fees shall be included in and as a part of such judgment. For purposes of this agreement, reasonable fees of attorneys of the Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience (calculated by reference to earliest year of admission to the Bar of any State) who practice in the City in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

17. Notices

Any notice given under this agreement shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties, copies of notice may also be given by telefacsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Port:
Director, Real Estate and Asset Management
Port of San Francisco
Room 3100, Ferry Building
San Francisco, CA 94111
Telefacsimile: (415) 274-0578
Telephone: (415) 274-0510

With copy to:
Office of the City Attorney
Port General Counsel
Room 3100, Ferry Building
San Francisco, CA 94111
Telefacsimile: (415) 274-0494
Telephone: (415) 274-0486

Organizer:
Bay Area Pan Pacific Expo., Inc.
1331 Columbus Avenue
San Francisco, CA 94133
Attention: President
Telefacsimile: (415) 392-0567

Telephone: (415) 392-6552

With copy to:

Steven H. Herman
Law Offices of Steven H. Herman
Pier 35, West Gate, 2nd Floor
San Francisco, CA 94133
Telefacsimile: (415) 982-2701
Telephone: (415) 982-6800

Any mailing address or telefacsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A person may not give official or binding notice by telefacsimile.

18. Time is of the Essence

Time is of the essence of each provision of this agreement.

19. Nonrecourse

Anything herein to the contrary notwithstanding, the principals, shareholders, officers, and directors of Organizer shall not be personally liable or responsible on account of any covenant, condition, representation, term, obligation or undertaking contained in this agreement, all such personal liability, if any, being hereby expressly waived and released, and any person claiming by, through or under this instrument shall have no recourse against any such principal, shareholder,officer, or director or the personal assets of such principal, shareholder, officer or director but shall look solely to the corporate assets of the Organizer for the enforcement or collection of any liability, provided that the inclusion of this provision in this agreement shall not imply that the Port will agree to a similar nonrecoure provision or refrain from asking for additional security or guarantees in any Lease.

NON-BINDING

It is understood that the terms of this letter are subject to approval by the Port Commission. Further, this letter is not intended to create a binding contractual obligation with respect to either the Port or Organizer in regard to a Lease, and there will be no enforceable contract until and if the Port and Organizer execute a definitive Lease, approved by the Port Commission and, if necessary, the Board of Supervisors; provided that all of the terms of this letter agreement including, without limitation, the exclusivity provisions of Section 3 shall be enforceable and binding upon approval of this agreement by the Port and after execution of this agreement by the Executive Director.

If the foregoing reflects accurately our understanding, please sign two of the enclosed copies and return to me in the envelope provided, retaining the executed original and one copy for your files.

Sincerely,

Douglas F. Wong
Executive Director

Agreed to:

Bay Area Pan Pacific Expo, Inc.,
A California corporation

By:________________________
Its President

By:________________________
Its Secretary

Dated:__________________, 1999

Approved as to Form:
LOUISE H. RENNE
City Attorney

By: ________________________
Deputy City Attorney

Dated:______________________

PORT OF SAN FRANCISCO

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MEMORANDUM

January 20, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of $115,000 in funding for BCDC to Complete Amendments to the San Francisco Special Area Plan

DIRECTOR'S RECOMMENDATION: Approve Resolution Authorizing Funding

Summary

In December 1996, staff from the Port, Bay Conservation and Development Commission (BCDC) and Save San Francisco Bay Association signed a draft Concept Agreement to amend BCDC plans to implement the Waterfront Land Use Plan, and to achieve important BCDC public access, view and fill reduction objectives for the San Francisco waterfront. In March 1997, the Port and BCDC Commissions held a joint public hearing on the Concept Agreement. These BCDC policy amendments are being negotiated by staff from BCDC, Save the Bay and the Port. The BCDC amendments, and any corresponding consistency amendments to the Waterfront Plan, will be subject to public review and comment prior to BCDC and Port Commission actions.

The Port has provided funding for BCDC consultant staff to participate in the negotiations. The negotiations have been complex and comprehensive in scope, requiring funding for economic consultant assistance and BCDC staff resources beyond the amount originally programmed for this effort. BCDC has indicated that up to an additional $115,000 is needed to complete the BCDC plan amendment process, in three phases presented below. This additional work will be paid out of funds previously allocated to the Waterfront Plan project.

This Print Covers Calendar Item No. 7A

Phase I:	Draft amendments to BCDC Plans ($35,000) – March 1, 1999
Phase II:	Public review/Revisions to amendments ($39,000) – Complete by June 1, 1999 (estimated)
Phase III:	Environmental review, BCDC hearing and approval of final Plan amendments ($36,000) – September 1999 (estimated)

Since adopting the Waterfront Plan, the Port has focussed its resources on cooperative work efforts to amend City and BCDC planning documents and regulations, to implement the Waterfront Plan. In the absence of completing this work with BCDC, certain types of projects may be precluded, while the schedules and budgets for others would likely require additional time and resources to amend BCDC plans on a case-by-case basis. Port staff believes that comprehensive BCDC plan amendments, consistent with the Waterfront Plan, is superior to a piecemeal approach. Therefore, staff recommends the approval of the additional funds for BCDC to complete the negotiations.

Status Report of the BCDC/Port/Save the Bay Negotiations

The Concept Agreement set forth goals, below, which establish a framework for the negotiations. BCDC, Save the Bay, and the Port have spent much time negotiating each of these topics, summarized below. Although many details remain to be resolved, the parties believe that sufficient progress has been made to enable BCDC to develop a draft Special Area Plan for the San Francisco Waterfront, as a part of BCDC's San Francisco Bay Plan. BCDC will submit a draft Special Area Plan to the Port and Save the Bay on March 1, 1999. After reviewing the draft Plan, the Port will determine whether to proceed to Phase II.

Complete the Urban Design/Public Access Element of the Waterfront Plan

In June 1997, the Port Commission approved the Waterfront Plan and accompanying Design & Access element. The Design & Access element incorporates locations for major new open spaces, views and open water areas to be created through the removal of specified piers, which in large part resulted from the BCDC/Port/Save the Bay negotiations. The negotiations which have continued since then are likely to result in additional policies to be incorporated into the Waterfront Plan, to be consistent with amended BCDC policies.

Remove piers to create more open water

The Concept Agreement calls for the removal of Piers 24, 34, 36 and 33 to benefit the Bay and open up important public viewing areas. In addition, the Concept Agreement called for pier removal in the area between Piers 15 and 29. Since then, negotiations have resulted in the elimination of Pier 33 as a pier removal site, and the addition of Piers 17 and 23 as eventual pier removal sites.

Funding to remove the piers would be provided through a Public Access Fund created by the Port, consisting of 25% of incremental revenues from non-maritime Port leases north of China Basin Channel, plus any outside funding that the Port or BCDC may secure.

Create new public plazas on the waterfront

Three new public plazas continue to be discussed for the waterfront, in Fisherman's Wharf, the Northeast Waterfront at the foot of Pier 27-29, and in the South Beach area to replace Piers 34 and 36. The negotiations include defining site planning and design parameters for each of the plaza sites. Funding for these plazas also would be provided from the proposed Public Access Fund.

For Fisherman's Wharf, the Concept Agreement calls for open space on 70% of the "Triangle" parking lot on Seawall lots 300 and 301. During the negotiations, BCDC and Save the Bay expressed the desire to also discuss developing open space on adjacent Pier 43-1/2. The Port recognizes that Pier 43-1/2 would make a spectacular waterfront open space site. However, there are significant Port and community issues that would need to be resolved (e.g. existing long-term tenancies on Pier 43-1/2, degree of access along The Embarcadero, increase in development footprint on the Triangle site to help finance underground parking and park development).

Improve the design, location and amount of public access on piers

The objective of this part of the negotiations is to produce parameters which provide predictability regarding the type and amounts of public access that should be provided in individual projects. The parties are discussing how to provide different forms of public access to create interesting and attractive ways of experiencing the waterfront, which complement Herb Caen Way and public open spaces existing or planned along the waterfront. For example, one type of public access under discussion is a Bayside History Walk which provides physical access and views of the Port's historic waterfront accompanied by historic photograph and information displays explaining the City's rich maritime history.

Develop new rules for replacement fill and pier reconstruction or reconfiguration, and new rules governing land uses on existing piers

In order to generate revenue to carry out the above public access and pier removal projects, the Port must be able to develop new uses on its property, consistent with the public trust. Accordingly, the negotiations include provisions to amend BCDC's Bay Plan to allow the Port to repair its existing piers to meet applicable building and seismic safety standards without triggering new public access requirements. If any such repairs are included in new development or leasing projects for public trust uses on existing piers, BCDC would be restricted to identifying maximum feasible public access improvements to be included in the project. Any projects that involve reconfiguring piers would require a BCDC permit to allow the project uses, as well as specify required public access improvements.

Develop means to protect historic resources on the waterfront

An earlier proposal to remove Pier 33 to meet BCDC and Save the Bay's pier removal objectives has been eliminated due to historic preservation concerns. Over the course of the negotiations, all parties have become more informed about the Port's historic resources and the benefits they offer to make public access unique and special along the San Francisco waterfront. The Bayside History Walk, described above, provides a key example of these public access benefits.

Expedite permit processing

BCDC and the Port in particular are focussing on how to maximize project coordination and review, to identify project requirements at an early stage, and to increase certainty in the development process. In addition, the Port and BCDC are reviewing BCDC's permit procedures to define circumstances under which small projects without on-site public access may be allowed, in light of the Port's comprehensive public access plan commitments to remove designated piers, develop new major public plazas off-site, and fund these improvements from Port revenues.

Prepared by: Diane Oshima,
Manager, Waterfront Planning

I\oshima\8

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-04

WHEREAS, In June 1997, the Port Commission adopted the final Waterfront Land Use Plan (Commission Resolution 97-50), developed through a thorough public planning process; and

WHEREAS, The Waterfront Plan includes some land use objectives and policies that are not currently addressed by or consistent with the existing plans of the Bay Conservation and Development Commission ("BCDC"); and

WHEREAS, In order to fully implement the Waterfront Plan and provide consistency with BCDC plans and regulations affecting the Port, the Commission approved an agreement between the Port and BCDC to jointly develop amendments to BCDC's planning documents to resolve these policy issues (Commission Resolution 96-02), which included providing financial assistance for a consultant to assist BCDC; and

WHEREAS, Due to a BCDC staffing shortage, extra time necessary to resolve some complex regulatory issues, and the need for assistance from an economic consultant, additional funding is needed to complete the BCDC planning amendments, funded through an agreement with the Bay Planning Coalition; and

WHEREAS, BCDC estimates that the additional work could require up to $115,000 for staff services, economic consultant, and graphic design and printing services to produce the amended planning documents, plus Bay Planning Coalition administrative fees (expected to amount to $2,400); and

WHEREAS, The funds to pay for these expenses would come from resources previously allocated to, and currently available in, the Waterfront Plan project budget; now, therefore be it

RESOLVED, that the Port Commission hereby approves the expenditure of additional funding in an amount not-to-exceed $118,000 to assist BCDC in completing amendments to BCDC planning documents to implement the Waterfront Plan.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 26, 1999.

____
Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

January 20, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director fo for DW

SUBJECT: Resolution adopting findings that Pier 27/29 is not needed exclusively for maritime industrial uses and can be utilized for non-maritime uses and directing staff to prepare a Request for Developer Proposals.

DIRECTORS RECOMMENDATION: APPROVE RESOLUTION.

Background Summary

The Port's Waterfront Land Use Plan identifies certain piers in the northern waterfront as Transitional Maritime Areas in recognition of the changing nature of the maritime industry and of this area of the waterfront. Transitional Maritime Areas are locations where existing maritime operations are encouraged until the area is determined to be no longer required or suitable for maritime use exclusively. Piers 27/29, 15/17 and 19/23 were given this designation. Since completion of the plan, most of the maritime industrial uses that had occupied space at Pier 27/29 have relocated. The remaining maritime-industrial use at this site is a MARAD lay berth ship.

An analysis of the Pier 27/29 facility was conducted to determine its continuing need and its appropriateness for continued exclusive use as a maritime-industrial site. The results of that analysis are attached to this summary. The attached report indicates that trends in the Bay Area cargo handling operations indicate a surplus of space for covered breakbulk operations. In addition the trends indicate that this surplus should increase over the foreseeable future. The report does indicate that, while there is a demand for other maritime-industrial uses (especially space for lay berthing), there are other facilities that are better situated and with some improvements, more appropriate for these uses.

This Print Covers Calendar Item No. 7B

Consistent with the findings of the report, staff is asking for authorization to begin a process for determining other trust uses for this site. This process would include identifying uses in the Waterfront Land Use Plan most appropriate for the site, determining the demand for those uses, creation of an advisory group to help determine appropriate parameters to govern development of the site, and, if appropriate, the preparation of a Request for Proposals to solicit private interest in developing the site.

In addition, based upon the conclusion of the attached report, Port staff will begin a process of identifying alternative sites, which may be more appropriate for the industrial-maritime uses which have been identified and analyzed in the report. This analysis will include both identifying sites, as well as the capital improvements necessary to make these sites available for the identified uses.

Pier Description

Pier 27/29 was built in 1965 as a breakbulk cargo facility. The construction included the demolition of Pier 25 and the joining of two finger piers into a triangular shaped facility. Until 1997 this facility was operated by Marine Terminals Corporation (MTC) as a breakbulk handling facility, most recently handling newsprint shipments. In 1997 the newsprint operation was relocated to Pier 80. (This operation recently transferred to Oakland at piers operated by the same stevedoring company.)

Other maritime uses temporarily filled the void left by the vacating of the newsprint/breakbulk use. In 1995, Foss Maritime a leading tugboat operator on the Bay began using space at Piers 27/29 to berth tugs and barges. Recently Foss announced that they will be moving their operation to the Port of Richmond to consolidate their operation with other tugboat operations. In 1998 California Sealift Terminals, acting as a port-husbanding agent for the federal government's MARAD operation, began mooring at Pier 27. This use continues on the site. MARAD operates on a small portion of this 365,000 square foot facility. Most of the remainder of Pier 27/29 is currently occupied with non-maritime uses, operating on short term leases (less than two years).

Trends in the Cargo industry

The attached report highlights recent trends in the commercial shipping business. Overall commercial shipping has been on a decline over the last decade with total calls decreasing from 3,669 vessels in 1987 to 2,897 currently. This decline has been particularly acute in the types of cargo that has traditionally been accommodated at Pier 27/29; mainly shed dependent cargo. The amount of shed dependent cargo operating in the Bay has decreased 1.5 million tons in 1977 to 600,000 tons currently. All indications are that this trend will continue.

The Port's own experience verifies this trend. Pier 27/29 had until last year been operated by Marine Terminals Corporation as a newsprint facility. The Port, consistent with a program of consolidating cargo business, moved this operation to Pier 80 at the

beginning of 1998. Recently the industry further consolidated its operation and moved to Berths 82-84 in Oakland. At present the Port of San Francisco's breakbulk cargo is composed of occasional charter ship spot cargoes and imported steel and these all operate at Pier 80. The 394,000 square feet of shed space at Pier 80 is more than adequate to handle the current levels of breakbulk passing through the Port of San Francisco.

While the study focused primarily on breakbulk operations, the historical use for which Pier 27/29 was constructed, it also evaluated other maritime industrial uses. The study indicated a demand for space for some maritime industrial uses. This demand was particularly strongest in lay berthing operations. Lay berthing operations require adequate and improved space to carry on their operations, but very little shed support space. In addition, they are best situated at sites which have easy landside access. Pier 27/29 was evaluated as being an excellent facility but since lay berthing doesn't require large amounts of shed space, Pier 27/29 is too large to be dedicated exclusively for this purpose.

Waterfront Land Use Plan – Transitional Maritime Areas

The Waterfront Land Use Plan includes policies for maritime uses and also identifies "Transitional Maritime Areas." The following section of the Plan describes these issues.

"For a variety of reasons, the cargo shipping-related facilities at Piers 15-17, 19-23 and 27-29 in the northeast waterfront are not likely to continue in cargo use over the long-term. In the northeast waterfront, the transition of inland properties from industrial to residential and commercial uses, coupled with the transformation of The Embarcadero to an urban boulevard, have already hampered cargo shipping operations (particularly convenient truck access to the piers). In addition, dynamic shipping industry trends and restrictions on dredging favor consolidation and centralized cargo operations, which can best be accommodated in the Port's southern waterfront. Although consolidation in the southern waterfront would yield maximum operational efficiency for the cargo shipping industry, this shift could require an initial capital investment for which the Port currently does not have the financial resources. These financial considerations must be addressed before determining whether a Transitional Maritime Area is surplus to the needs of industrial maritime industries.

Although the Waterfront Land Use Plan supports continued cargo-related use of Transitional Maritime Areas for as long as such use is viable, these sites should be considered for mixed-use development if they become surplus to cargo needs. The conversion of these facilities to mixed-use developments will provide additional opportunities to expand commercial and recreation-oriented maritime activities in a setting that will enhance those maritime businesses. Moreover, the development of new commercial activities will provide a source of revenue to help finance maritime activities that are not financially self-supporting, new open spaces and public access."

A review process that considers the following criteria has been conducted and is summarized below. Port staff believes that, on balance, Pier 27/29 is no longer viable exclusively for maritime activities:

Q. Are there limitations regarding the site location, on-site structures and improvements, or other site characteristics that no longer enable the facility to be operated exclusively for maritime activities?

A. Based on the report, there are only four maritime industrial uses that would be suitable for consideration as exclusive uses at Pier 27/29; cargo sourcing, freight ferries, escort tugs and commercial and government ship lay berthing.

Cargo Sourcing
While the shed is very desirable, there are locational problems with the pier for cargo sourcing, including access to freeways and rail, traffic congestion on The Embarcadero, and proximity to shippers. The locational problems make the pier not well suited for cargo sourcing as an exclusive use.

Freight Ferries
The demand for space for freight ferry space is uncertain at this time making it infeasible to dedicate the entire 365,000 square foot pier to this use.

Tugs
This would be suitable for continued use of the pier, and may add character to the use of the pier for other uses. The space requirements for tugs are fairly limited. There are numerous other locations throughout the northern waterfront for tugboat berthing, however.

Lay Berthing
The pier is suitable for lay berthing, but this would prevent the reuse of the pier for other uses.

Q. Are there off-site conditions beyond the control of the Port Commission that have rendered the site unsuitable for exclusive use for maritime activities?

A. Yes, they include the overall decline in bulk cargo shipments in San Francisco and the Bay Area and the consolidation of operations in other locations.

Q. Are alternative facilities available which would enhance the viability of the maritime activities?

A. Yes, there are numerous alternate facilities that are available (or could be made available) to enhance the viability of maritime activities. The report identifies an extensive inventory of Port of San Francisco sites that could be made suitable for these uses, and the Waterfront Plan already identifies them as reserved for maritime uses. (See attached map of maritime areas of the Port).

The most compelling point is that Pier 80 has already been improved as a marine terminal facility and is being operated by Marine Terminal Corporations as an "Omni Terminal" that handles containerized, bulk and neobulk cargo. Pier 80 is operating at a fraction of its total cargo capacity, and can accommodate significant growth in all types of cargo.

Q. Would continuation of maritime activities on the site require excessive Port resources, resulting in a significant financial hardship and/or operational inefficiency for the Port?

A. Yes, continuation of exclusive use of the pier for maritime industrial uses would require excessive Port resources and would prevent the Port from generating revenues from recreational and commercial development at the site. These revenues in turn would support the investment needed in other Port facilities to make them more viable for maritime industrial uses, as provided for in the Waterfront Land Use Plan.

Q. Have all reasonable measures been taken to provide alternate facilities that meet the operational needs of both the maritime operator and the Port, including meeting financial requirements to make the necessary capital improvements at new locations?

A. All reasonable measures have been taken to provide alternate facilities for marine operations that had been accommodated at the pier. The marine terminal operator of Pier 27/29 has already relocated their newsprint operation to Pier 80 at a consolidated terminal and actually further consolidated by transferring it to Oakland.

Additional Financial Considerations

Lay Berths

The major costs to improve other Port lay berth locations to a condition suitable for this use are for dredging and fender and apron repairs. In the Port's Capital Plan, nearly $4 million has been allocated in the past two years for dredging of shipping berths (at Pier 80 and Pier 70). Numerous potential lay berth locations were identified in the report.

Depending on the water depth required and on the quality of the dredge spoils, dredging a lay berth could cost $500,000 to $1,500,000. Additionally, fender and apron repairs, depending on the condition of the pier could add up to $300,000-$400,000 to the cost of developing a lay berth.

A detailed study will be undertaken to locate another feasible lay berth location. Another possibility would be to consider allowing ceremonial berthing at Pier 27 as part of the redevelopment of the site.

Recommendation

Staff recommends that the following process begin to determine the future of this site:

1. An advisory group be established to evaluate alternative uses for the facility. This advisory group would limit its evaluation to trust uses consistent with those designated in the Waterfront Land Use Plan. These uses would include commercial and recreational uses, including commercial maritime uses, such as marinas.

2. If appropriate uses can be determined for the site, and if market conditions indicate demand, then staff should seek approval from the Port Commission to issue a request for proposals for private developers to bid on developing the site for these uses.

3. In recognition of a continuing need for certain types of maritime industrial facilities, identified in the attached report, staff will continue an evaluation of existing facilities, especially in the southern waterfront that may be able to accommodate this need. This would include both an evaluation of appropriate sites, as well as an estimation of the capital improvements that may be necessary to make these sites available for these uses.

Prepared by: Larry Florin, Director of Special Projects

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-03

WHEREAS, Under the City and County of San Francisco Charter, Section B.3581 the Port of San Francisco has the authority and duty to use and conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction: and

WHEREAS, Under the Waterfront Land Use Plan, adopted by the Port of San Francisco by Resolution 97-50, Piers 27/29 were designated as a transitional maritime expansion area in response to the determination that this facility may no longer be suitable for exclusive maritime activities; and

WHEREAS, Consistent with the Waterfront Land Use Plan a review process has been conducted to determine if on balance Pier 27/29 is no longer viable for exclusive maritime activities and this review process has been conducted and determined that:

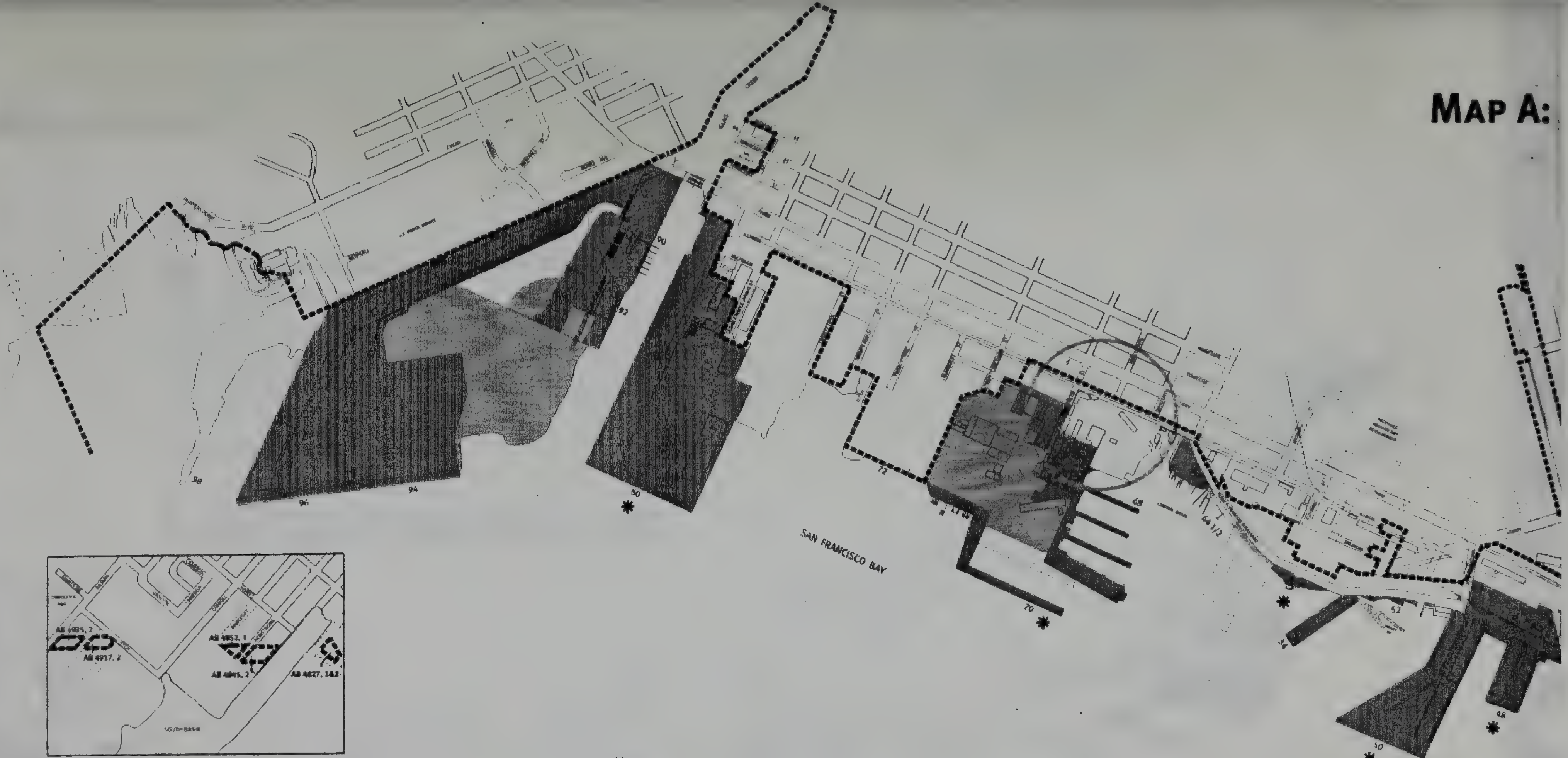
1. The site characteristics, including the size and location of the facility, limit the ability to operate exclusively as a maritime facility.
2. The market for break bulk cargo operations is declining and consolidation of operations is occurring throughout the Bay Area.
3. Their exist alternative facilities that, with some capital improvements, could be utilized to meet demand for maritime industrial uses.
4. Continued operation of this facility exclusively for a maritime industrial use would be an underutilization of the site; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes and directs Port staff to consider other trust uses for Piers 27/29 consistent with the Waterfront Land Use Plan.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 26, 1999.

____
Secretary

MAP A:



Note The parcels shown above are located just north of Candlestick Park. The Port also owns portions of existing or planned streets that are not depicted.

Notes

[a] Maritime uses are expressly permitted at any location along the waterfront.

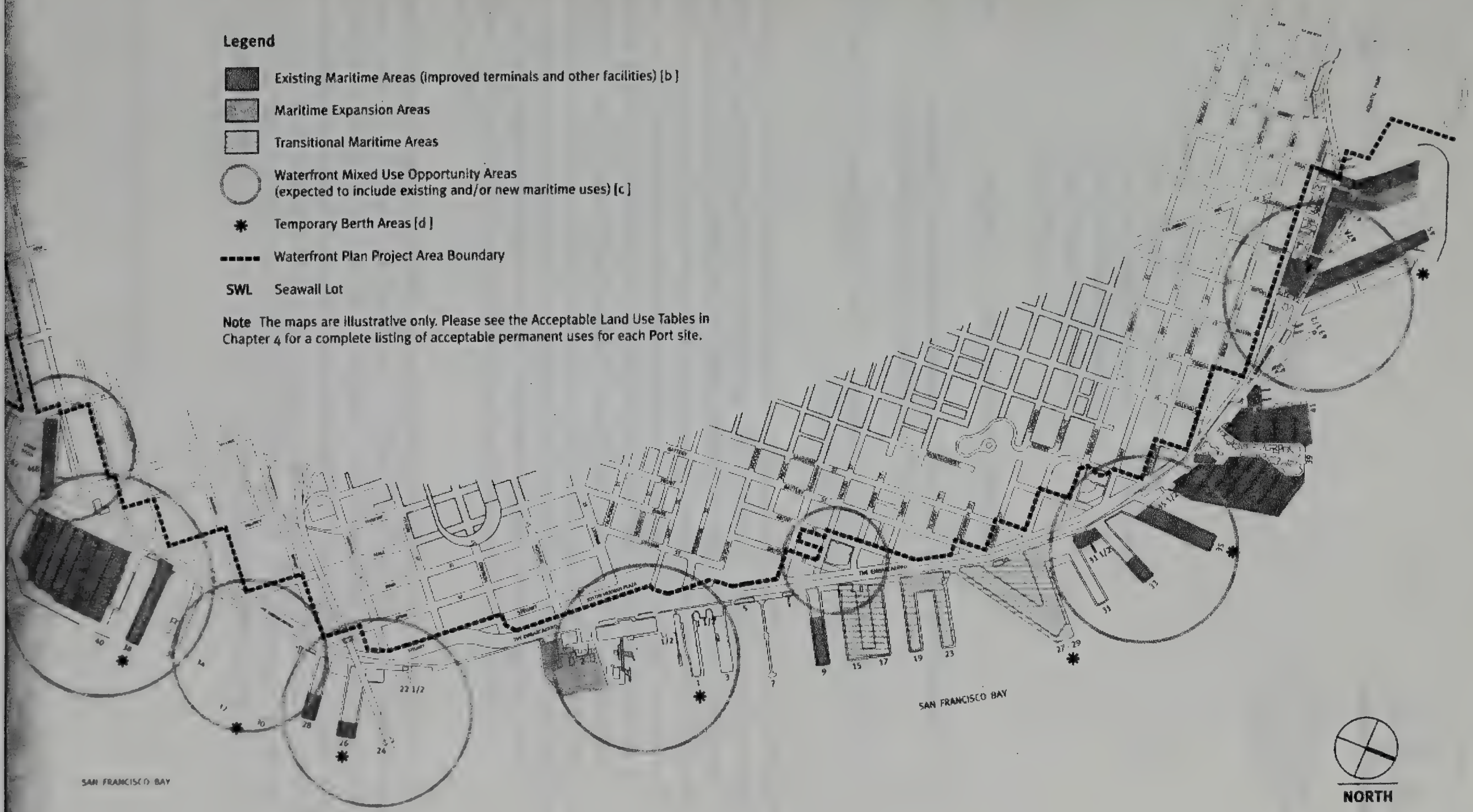
[b] Some increase or intensification of maritime facilities may occur in these areas. Underutilized facilities at Pier 70 and 90 may require improvements in order to be functional, depending upon the desired maritime use.

[c] In these areas a mix of uses is allowed, which includes maritime uses. The combination and proportion of uses in these areas will vary as implementation of the Plan occurs. Refer to Map D and discussion of Waterfront Mixed Use Opportunity Areas in Chapter 4 for specific locations of mixed use areas and further discussion.

In some Waterfront Mixed Use Opportunity Areas north of China Basin, maritime areas may be situated differently than as illustrated depending upon the degree, if any, that they are included as part of mixed use developments. Refer to Chapter 4 for details regarding acceptable long-term uses for specific subareas and sites along the waterfront.

[d] Temporary berthing occurs at various locations along the waterfront and is an acceptable use at most piers. Piers that are used most frequently for temporary berthing are designated with an asterisk.

Maritime Areas [a]



Legend

- ▓ Existing Maritime Areas (improved terminals and other facilities) [b]
- ▒ Maritime Expansion Areas
- ☐ Transitional Maritime Areas
- ○ Waterfront Mixed Use Opportunity Areas (expected to include existing and/or new maritime uses) [c]
- ✱ Temporary Berth Areas [d]
- ----- Waterfront Plan Project Area Boundary
- SWL Seawall Lot

Note The maps are illustrative only. Please see the Acceptable Land Use Tables in Chapter 4 for a complete listing of acceptable permanent uses for each Port site.

SAN FRANCISCO BAY
SAN FRANCISCO BAY
NORTH
40
38
34
30
28
26
24
22 1/2
1
3
5
7
9
15
17
19
23
27
29
31
31 1/2
33
35
39
45
THE EMBARCADERO

PORT OF SAN FRANCISCO

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San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

January 19, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong, Executive Director DW

SUBJECT: Approval of one-month extension of Exclusive Right to Negotiate with AMB Property Corporation for Pier 1

DIRECTOR'S RECOMMENDATION: APPROVE EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE

On January 21, 1998, the Port issued a Request for Interest and Qualifications ("RFI&Q") to master lease and develop Pier 1 as a maritime office complex. Pursuant to this RFI&Q, the Port Commission by Resolution No. 98-49 awarded to AMB Property Corporation ("AMB") the opportunity to enter into an exclusive right to negotiate with the Port for this project. An Exclusive Right to Negotiate agreement was executed by the Port and AMB on May 26, 1998 ("Exclusive Right"), and AMB paid the Port a non-refundable fee of $100,000.00. The Exclusive Right provides for an initial four-month term, plus four 1-month options to extend. It also provides for a $25,000.00 option fee for each 1-month option period, but these option fees are to be applied to any future rent due from AMB for Pier 1 and the option fees are to be waived if the environmental review has not been completed. The Exclusive Right, including the four option periods, expires on January 26, 1999.

The San Francisco Planning Department published a Preliminary Negative Declaration for the proposed Pier 1 project on December 12, 1998. The Final Negative Declaration has been completed, but it has not yet been published. The Port Commission cannot approve the development agreement, lease and related documents for the proposed development of Pier 1 until this environmental review is completed. Port staff anticipates that it will be in the position to request the Port Commission at its February 9, 1999 meeting to adopt the Final Negative Declaration and to approve the development agreement, lease and related documents with AMB.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

Port staff therefore recommends that the Port Commission approve a one-month extension of the Exclusive Right, and, in that the CEQA environmental review is not yet concluded, Port staff recommends that there not be an additional fee for this one-month extension.

Prepared by Kirk Bennett
Manager, Waterfront Development Projects

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-02

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on January 21, 1998, the Port issued a Request for Interest and Qualifications to master lease and develop Pier 1 ("RFI&Q"); and

WHEREAS, on May 26, 1998, the Port Commission awarded AMB Property Corporation with the opportunity to enter into an exclusive right to negotiate with the Port pursuant to the RFI&Q, conditioned upon environmental review under the California Environmental Quality Act (CEQA) being completed prior to the Port Commission considering any approval of the development agreement, lease or related documents pursuant; and

WHEREAS, AMB Property Corporation and the Port entered into an Exclusive Right to Negotiate agreement, dated May 26, 1998 ("Exclusive Right"), whose term with option periods expires January 26, 1999; and

WHEREAS, the Final Negative Declaration for the proposed project was not published in time to calendar the adoption of the Final Negative Declaration and approval of the development agreement, lease and related documents prior to the expiration of the Exclusive Right; now, therefore, be it

RESOLVED, that Port Commission hereby approves extension of the Exclusive Right agreement by one month until February 26, 1999 without an additional option fee and hereby authorizes the Executive Director of the Port, or his designee, to execute documents necessary to carry out this extension.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 26, 1999.

____
Secretary

I:\kirk\pier1excrightnegotiate

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
JANUARY 26, 1999

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:25p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman and Pius Lee. Commissioner Brian McWilliams was not present.

2. APPROVAL OF MINUTES - January 12, 1999 Special Meeting
- January 12, 1999 Regular Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the January 12 Special Meeting were adopted.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the January 12 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report. Mr. Wong reported the following:

1) Pier 43-½. Last week, the Port's insurance adjuster completed review of the disassembly and shoring work for Pier 43-½. Port staff submitted the work plan to the insurance carrier in October 1998. Staff met with the insurance company's cost consultant yesterday to review the cost estimates. The consultant generally agreed with the Port's repair approach and will recommend to the insurance company this week to release funds for the disassembly and shoring work.

2) Fisherman's Wharf: The Port's Real Estate Division, in conjunction with the Department of Public Health, the Fisherman's Wharf Association, Port Tenant's Association and Golden Gate Disposal Company are working together in an effort to improve the method by which garbage and refuse are removed from Fisherman's Wharf. The plan will include garbage and refuse plan and will be predicated on the disposal of Port tenant's garbage into a centrally located trash compactor. The plan and compactor are scheduled to be fully implemented by May 1999.

4. MARITIME

5. REAL ESTATE

A. Authorizing the Executive Director to enter into a Letter of Intent between the Port and the Pan Pacific Exposition Group for Piers 48, a portion of Pier 50 and Seawall Lot 339 for purposes of staging an International Exposition. (Resolution No. 99-05) **THIS ITEM HAS BEEN CONTINUED TO THE NEXT MEETING**

Mr. Philip Smith, Director of Real Estate, indicated that the Bay Area Pan Pacific Expo, Inc. (PPE) proposes to hold an international exhibition on Port property in the Year 2002. PPE presented its initial analysis on the viability of holding an exposition at Piers 27-35. Working with the PPE, staff identified an alternative site for the exposition. The area is located in the central waterfront and consists of Piers 48, a portion of Pier 50, and Seawall Lot 339 adjacent to Terry Francois Boulevard. The PPE has indicated that this is the minimal amount of property that they would need to stage this exposition. In order to accommodate a potentially larger exhibition space as well as to meet potential transportation needs, the PPE will engage the Port and current Port tenants in discussions regarding the potential use of Pier 54 and currently leased portions of Pier 50. In addition the PPE has started discussions with the Giants regarding use of SWL 339 for use of the parking lot on non-game days and with Catellus regarding use of some of their adjacent space as exhibition space.

The Letter of Intent between the Port and PPE is for an option period, which would commence upon payment of a $25,000 deposit to the Port and would extend no later than January 31, 2001. At the end of the option period it is anticipated that a lease between the PPE and the Port would commence. The Letter of Intent is structured in a manner as to create four time periods during which the PPE will have had to meet certain obligations in order to advance to the next phase in the process. These periods are defined in the letter of intent as follows:

1. This first payment of $25,000 would start the Letter of Intent and would specifically guarantee an option on the property that would run until July 31, 1999. During this initial period the organizers of the Expo would be required to identify the specific site for the exposition and raise $2,000,000 towards the staging of this event.

2. Period 2 would commence on August 1, 1999. It will require a further deposit of $50,000. During this second period the PPE will be required to apply to the appropriate regulatory agencies for the approvals necessary to stage the event. In addition the PPE will have to raise a total of $15,000,000 towards the staging of the event.

3. Period 3 will commence on April 1, 2000. The PPE will be required to pay an additional $75,000 to enter the third period. During this phase the PPE will have to demonstrate that it has raised $25,000,000 towards the staging of this event.

4. The final period will be on July 31, 2000 and will run until either such time as the PPE is ready to enter into a lease for the premises, or January 31, 2001, whichever comes first. This period will require an additional $150,000 deposit. To complete this phase the PPE will have to be in a position to sign a lease agreement with the Port. This will require that all necessary regulatory approvals have been obtained, including environmental review and BCDC approval.

Of the total $300,000 payments, $100,000 will be credited against rent if the Port and PPE successfully negotiate a lease of the property.

Prior to the Executive Director signing the agreement, the PPE will have to demonstrate that they have met with community groups and Port tenants that have been identified by Port staff and apprise these groups of the proposed exposition. At a minimum, these groups will include the Rincon Point South Beach CAC, the Mission Bay CAC, the Southern Waterfront Advisory Committee, the Potrero Hill Merchants Association, Mission Creek Harbor Association, Dog Patch Neighborhood Association, Potrero Hill Booster and Neighbors. In addition the PPE shall notify Port tenants of community meetings regarding the exposition that may be of interest to these associations.

Mr. Smith indicated that in the interim, since the negotiations of the Letter Intent commenced, staff has been in contact with PPE and has made several revisions of the Letter of Intent. The parameters of the Letter of Intent would be changed by the subsequent negotiations that have taken place over the last 6-7 days.

Jennifer Clary, San Francisco Tomorrow Board of Directors, commented that outreach and environmental review was listed as Item 4 commencing a year and a half from now. She indicated that community outreach and some of the preliminary environmental review should be performed in time period 1 or 2; more specifically, outreach should be done now. From a feasibility standpoint, she suggested that traffic and transportation study should commence now because so much of that information is already available through the ballpark transportation coordinating committee, Mission Bay and ballpark EIRS. She asked that San Francisco Tomorrow and other citywide organizations be included in the community outreach.

Mr. Smith replied that what he read for the record was a synopsis of what the Letter of Intent would entail, synopsis of steps not specifically in that order or time period. In the Letter of Intent, Port staff will require the PPE group to address community outreach and environmental issues at the beginning of the process and ensure that San Francisco Tomorrow is part of their outreach efforts.

Jim Haas, Rincon Point/South Beach CAC Acting Chair, indicated that they have a long standing relationship with the Port. The resolution before the Commission satisfies their initial concern particularly the requirement that the proponents meet with them before the Executive Director executes the Letter of Intent. He reiterated that they have worked cooperatively and effectively with Port staff and other City

agencies regarding the Giants ballpark and have made a commitment to work cooperatively and effectively with Port staff on the cruise terminal. The Rincon Point/South Beach area is a rapidly emerging neighborhood, a center of jobs. They are in the vortex of a tremendous amount of activity, a lot of which the consequences are unknown. To add another intensive use in the immediate area raises a question and would need a great deal of work and research for any binding commitments to proceed. They believe that the commencement of Expo 2002 may be premature since the completion of the Third Street Rail Line is not certain. An exhibition will be fun and exciting for San Francisco but without the area being seasoned it is difficult to consider adding another intensive use. They look forward to talking to the proponents at their next meeting.

Corinne Woods, Member of the Bayview Boat Club, Board of Directors of Mission Creek Harbor Association, Vice Chair of the Mission Bay Citizens Advisory Committee, Ballpark Transportation Coordinating Committee, indicated that they are very concerned about the impact of Expo 2002 on the area south of Mission Creek Channel. They will be severely impacted by the Giants Ballpark traffic; 5,000 dedicated parking spaces for a 40,000 seat ballpark has a huge impact. A newspaper article mentioned that 50,000 people a day will be visiting the Expo. The area is very small with very little public access. UCSF Mission Bay Campus is going to break ground this fall as well as the Mission Bay project. The recreational maritime users will also be severely impacted by this project. The combination of Giants ballgames and Expo could be horrendous in this part of town. Traffic and transportation studies are critically important as well as environmental studies and other impacts on the waterfront. They appreciate the fact that there will be public hearings and the proponents of the plan will be in attendance since they have a lot of issues to discuss and address.

ACTION: Commissioner Hardeman moved approval to continue this item to the next meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

A. Approval of $115,000 in funding for BCDC to complete amendments to the San Francisco Special Area Plan. (Resolution No. 99-04)

Ms. Diane Oshima, Planning & Development staff, requested the Commission to authorize funding to support consultant staff services with BCDC to enable the Port to complete the amendments to BCDC Plans to implement the Waterfront Plan. Port staff has been working hard to identify public access projects and pier removal projects that meet BCDC objectives. BCDC is in the process of drafting a proposed Special Area Plan Revision to be considered in March. The scope of work is as follows:

Phase I: Draft amendments to BCDC Plans – March 1, 1999
Phase II: Public review/revisions to amendments – est. June 1, 1999
Phase III: Environmental review, BCDC hearing and approval of final plan amendments – est. September 1999

Commissioner McCarthy indicated that since this issue was raised before, she suggested a deadline of January 1, 2000 for the completion of the project. Ms. Oshima replied that she does not foresee any problem with that concept. Jeff Blanchfield, Chief of Planning for BCDC, concurred with Commissioner McCarthy. Everybody is anxious to complete the process. The project phases as described by Ms. Oshima call for BCDC to seek approval from their Commission in July. He believed that their Commission will be able to hear and vote on this item the latter part of the summer, early fall since they want to conclude their efforts in the fall. The deadline that Commissioner McCarthy suggested is reasonable and one that they plan to meet as well.

Diane Oshima indicated that the amount of funding should have been $118,000 instead of $115,000 – the difference is a service fee to Bay Planning Coalition for administering the contract services.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-04 was adopted.

B. Resolution adopting findings that Pier 27/29 is not needed exclusively for maritime industrial uses and can be utilized for non-maritime uses and directing staff to prepare a Request for Developer Proposals. (Resolution No. 99-03) **THIS ITEM HAS BEEN CONTINUED TO THE NEXT MEETING.**

Mr. Paul Osmundson, Director of Planning & Development, indicated that the Port's Waterfront Land Use Plan (WFLUP) identifies certain piers in the northern waterfront as Transitional Maritime Areas in recognition of the changing nature of the maritime industry and of this area of the waterfront. Transitional Maritime Areas are locations where existing maritime operations are encouraged until the area is determined to be no longer required or suitable for exclusive maritime use. Piers 27/29, 15/17 and 19/23 were given this designation. Since completion of the Plan, most of the maritime industrial uses that had occupied space at Pier 27/29 have relocated. The remaining maritime-industrial use at this site is a MARAD lay berth ship. Pier 27/29 had, until last year, been operated by Marine Terminals Corporation as a newsprint facility. The Port, consistent with a program of consolidating cargo business, moved this operation to Pier 80 at the beginning of 1998.

Mr. Osmundson indicated that on page 3 of the staff report is an explanation of the Waterfront Advisory Board's opinion regarding the "Transitional Maritime Areas." The essence of it is that the facilities in the northeastern waterfront are not likely to continue in cargo use over the long-term. Further identified in the WFLUP are a

series of questions that were posed in the Port's consideration of determining whether or not one of the transitional maritime areas is no longer viable for exclusive maritime uses. They include limitations on the site locations, structures, and site characteristics, off-site conditions out of the Port's control that would affect the use site exclusively for maritime industrial activities, the availability of other alternate facilities that would enhance the viability for maritime activities, an assessment of whether continuing exclusive maritime use would require excessive Port resources that would result in a significant financial hardship, and whether or not the Port has taken all reasonable measures to provide alternate facilities that meet the needs of both the maritime operators and the Port. Mr. Osmundson indicated that each of those questions have been answered. The Port engaged in consultant work and analyzed the market for maritime industrial uses. A copy of the report was provided to the Commission. Copies were sent out to the public and members of the maritime industry.

Based on the report, four maritime industrial uses were identified that would be suitable for consideration as exclusive maritime uses at Pier 27/29.

- Cargo Sourcing: there are locational problems including access to freeways and rail, traffic congestion on the Embarcadero and proximity to shippers which make the pier not well suited for this exclusive use.
- Freight Ferries: the demand for freight ferry is uncertain and infeasible to dedicate the entire 365,000 sq. ft. of the pier for this use.
- Tugs: Foss Maritime has been utilizing the pier for the tugboat operations. They have recently relocated their operations outside of San Francisco. This would be suitable for continued use of the pier but the space requirements are very minimal. There are numerous locations throughout the northern waterfront to accommodate tugboat operation.
- Lay Berthing: One of the MARAD ships is berth at the pier. Staff has to identify a replacement location for that lay berth.

After Marine Terminals relocated the newsprint operation to Pier 80, staff leased the shed space for temporary non-maritime users. As documented in the report, the overall decline in bulk cargo shipments in San Francisco and the Bay Area, in consolidation of maritime operations, is evidence of situation beyond the Port's control. A number of areas in the southern waterfront were identified in the WFLUP for alternate facilities. Substantial lands in the southern waterfront are not only designated in the WFLUP as maritime (Pier 48, 50, 70, 80, 90/92, 94/96) but also identified in the BCDC Seaport Plan as Port priority use areas and cargo terminals. Staff believes that the most compelling point is that Marine Terminals Corporation relocated the breakbulk operation to Pier 80 and still operating far below its maximum capacity. The Port borrowed $45 million in 1984 and expended the bulk of those funds to upgrade the cargo terminals at Piers 80 and 94/96. Staff believes that continuing to use the pier exclusively for maritime industrial purposes would prevent the Port from generating revenues from recreational and commercial development at the site. These revenues in turn would support the investment needed in other Port facilities to make them more viable for

maritime industrial uses. All reasonable measures have been taken to provide alternate facilities for marine operations that had been accommodated at the pier.

In the Port's Capital Plan, $4 million has been allocated for dredging of shipping berths. There will be an ability for the Port to identify an appropriate lay berth site and make the resources available necessary to improve the facility for that use. Pier 27 is an excellent berth. Staff will focus on what potential berthing activities could be combined with the potential reuse of the pier as a recreational facility. He recommended that the Commission approves the resolution in establishing an advisory group, analyze a potential market for uses of the site and perform additional due diligence on the lay berth.

With regard to commercial use on the pier, Commissioner Lee asked if the rules could be changed to provide hotel and/or affordable housing for middle-income families. Mr. Osmundson replied that affordable housing is a top priority for the City, unfortunately, in the WFLUP, BCDC Plan and the State Constitution, residential uses on piers are not allowed. As well, under Proposition H and the City's Administrative Code, hotels are not allowed on piers.

Jennifer Clary, San Francisco Tomorrow Board of Directors, asked the Commission to vote against the resolution. More informed input on the maritime aspects of the decision is necessary. She referred the Commission to page 172 of the WFLUP, which states that ... "A standing advisory body comprised of maritime experts and industry representatives should be appointed to concentrate on the strategy to promote and support maritime business." To her knowledge, the establishment of an advisory board has not occurred. Decisions are being made declaring property surplus when professional advice has not been sought. One of the recommendations in the WFLUP, which was unanimously adopted by the Citizens Advisory Committee, was establishment of a standing advisory board to provide advice on matters of this nature. The Port is still in negotiations with BCDC and the northeast waterfront was nebulous in the agreement signed two years ago. She suggested that before deciding to do anything on the piers of the northeast waterfront, the historic resources survey should be completed first. The location of a major open space in the northeast waterfront and the site that BCDC expressed a preference for were Piers 27/29. Before looking at RFPs, negotiations with BCDC must be completed, an agreement must be in place and a maritime advisory board is convened. She asked the Commission not to vote on the resolution until the items she enumerated are accomplished.

Christopher Martin indicated the Commission's consideration of this issue might be too hasty, premature and contrary to the guidelines set forth in the WFLUP. The WFLUP, fueled by the sentiments of the voters, established a new vision for the waterfront as well as a public process to attain that vision. The WFLUP designates Pier 27/29 as transitional maritime area, which should be maintained as maritime as long as feasible. If it becomes infeasible to maintain these facilities exclusively for maritime, the Plan proposes relocating these facilities at the Port and permitting another category of use. However, the Port must make specific findings before

determining that a transitional maritime site is no longer viable exclusively for the maritime industry.

Pier 27/29 is still a viable and feasible maritime/cargo pier; its channel was recently dredged. There are no physical restrictions for truck access because it is recessed from the Embarcadero; it is built on solid fill and it has an ample warehouse facility. Pier 27/29 is the best maritime/cargo pier on the northern waterfront. If it were marketed as a free trade zone or some other maritime use, the Port would probably find a tenant immediately. It is not dilapidated and it is a feasible maritime pier.

The issue before the Commission is whether the Port should put a viable maritime pier to a non-maritime use justifying this change of policy on the assumption that the demand for maritime facilities can be fulfilled in the southern waterfront. Page 43 of the Waterfront Plan states that... "Although consolidation in the southern waterfront would yield maximum operational efficiency for the cargo shipping industry, this shift could require an initial capital investment for which the Port currently does not have the financial resources. These financial considerations must be addressed before determining whether a transitional maritime area is surplus to the needs of the industrial maritime industries." Mr. Martin indicated that there needs to be a tradeoff. The Port does not have the cash to pay for the costs associated with ensuring maritime's future in the southern waterfront but proceeds from a new non-maritime development can pay the way. The Port needs to weigh the costs associated with the accommodation of maritime against potential proceeds of a new development. Those costs would include expanding the maritime staff, improvements for cargo facilities, and ongoing costs associated with maintenance of maritime facilities such as dredging, labor and upkeep. The Port needs to assess these costs prior to redesignating a viable maritime pier. Pier 27/29 must be handled as a chit for the maritime industry.

The WFLUP calls for a standing advisory body comprised of maritime experts and industry representatives to concentrate on a strategy to promote and support maritime business. It needs to be established to get a realistic understanding of the future needs of the maritime industry. Such an advisory committee would be able to assist the Port with its shopping list of its commitment to maritime.

This Commission and the Mayor are committed to the revitalization of the maritime and cargo industry as the recent Wall Street Journal acknowledges. He indicated that it was only five years ago that a previous Port administration dismantled the maritime staff. It was only five years ago that a previous Port administration sent back nearly $10 million of federal money that would have modernized rail service for cargo. It was only five years ago under the encouragement of the previous administration that soil samples were covertly taken at Pier 80 by Home Depot. It was only five years ago under a previous administration that repairs to a leaky roof at Pier 27/29 were not made and damaged thousands of dollars worth of newsprint. That tenant has since relocated at another facility across the bay.

Mr. Martin commended the Port Commission and its administration for its desire to reenergize maritime and cargo, recognizing that it's an important part of the waterfront. Some of the potential non-maritime uses being considered for Pier 27/29 may be well suited and worthy additions to the waterfront. However, the long-term commitment to maritime must not be compromised by the rush to accommodate non-maritime uses which compete for desirable waterfront locations.

Corinne Woods indicated that the Design & Access Element of the WFLUP stated that if any of these facilities are no longer needed exclusively for cargo-related uses, the WFLUP promotes a mix of maritime and commercial uses and public access and open space. The Port would have to develop a major new northeast wharf open space on a site to be determined during a Pier 15-29 special planning study. The special planning study must be completed prior to new development on the piers which will determine whether historic piers should be retained, the location and form of new piers, the location of up to 210,000 sq.ft. of pier area to be removed to create views of open water and any other criteria deemed necessary to meet access, open space, historic preservation, architectural design or other urban design objectives of this Plan. If the Port issues an RFP for alternative use, it is skipping the planning study that is critically important to make a cohesive design in the northeast waterfront. The Port needs to approach BCDC with a more coherent plan that incorporates the open space that the former Executive Director worked so hard to negotiate with BCDC and Save San Francisco Bay.

Mr. Osmundson pointed out that in the amendments to the WFLUP, the section on the maritime advisory group was deleted and instead the following text was added... "The Waterfront Plan Implementation Process Flow Chart outlines the Port's approach to improving the site-specific development process. The steps in the implementation process include early consultation with applicable agencies and the community to formulate acceptable conceptual projects prior to developer selection." Staff believes that the Port's strategic plan, the organization and the budget that the Commission will be considering at its next meeting show a complete turnaround of the Port's maritime efforts. The reestablishment of the maritime department is a clear indication that the Commission's intentions are to do everything reasonably possible to meet the needs of the maritime industry, which changes so quickly. The Port's ability to adopt to those changes is critical. The maritime department has shown that they can successfully attract certain cargo customers to the Port. Whether or not the tunnel should have been built, the Port's successes, as documented in the Wall Street Journal article, are due to the fact that it is seeking non-containerized cargo. The tunnel project was required for double stacked container cargo. With respect to the BCDC process and the open space, Port staff has been working with BCDC staff identifying the appropriate location of the northeast wharf.

With regard to historic resources, the recent designation of Pier 1 as a historic resource is a clear indication that the Port is taking historic preservation seriously. Pier 29 is an eligible historic resource. A few years ago, it was very difficult for the Port to take a reasonable and cautious approach because the Port was facing

deficits year after year. Staff leased out all available property but reserved those areas that would be needed for future maritime use when appropriate (Pier 48, 50, 70, 80, 90/92, 94/96 some of which have been improved). The Port's finance department indicated that in the next five years the Port will continue to have surpluses. The Port was in a different situation when the language in the plan was drafted. At that time the Port was unable to meet its operating requirements. The circumstances have changed dramatically. The Port now has the ability to make the necessary investments and the maritime customers are expressing interest in leasing maritime facilities. Port staff is currently engaged in the special planning study with BCDC. This is the beginning of the process for Piers 27/29.

Commissioner McCarthy indicated that in reading the consultant's report, there appears to be two major differences with regard to cargo sourcing. The BCDC report states that a demand is going to grow while the Pacific Maritime report states that it is going downhill. She asked for more information on this matter. She was also concerned about taking the pier out of maritime use and looking at other uses. She asked that staff not look at other uses and reserve the decision about removing it from that designation at a later time. Mr. Osmundson replied that staff would report back to the Commission at its next meeting and focus on this issue and address the question of the long-term needs of cargo sourcing as it relates to San Francisco. Staff will provide the Commission a more detailed briefing on all the questions the Commissioners raised such as historic preservation and open space. Commissioner McCarthy suggested having an industry expert at the next meeting to discuss the specific issues. Commissioner Brandon asked if the advisory committee would be set up before the next meeting. Mr. Osmundson replied that the advisory committee was not included in the Waterfront Land Use Plan because the maritime department was not clear about the purpose of the committee. They believe that the maritime department serves that purpose. Staff will focus on an informational presentation on the report, reconciliation of BCDC projections, specifics regarding the open space and the special plan study.

ACTION: Commissioner Hardeman moved approval to continue this item to the next meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

A. Approval of one-month extension of Exclusive Right to Negotiate with AMB Property Corporation for Pier One. (Resolution No. 99-02)

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-02 was adopted.

10. NEW BUSINESS / PUBLIC COMMENT

Jennifer Clary reiterated that before giving up the parking spaces located in the northeast waterfront or going further with the process, she asked that a transportation study be done for the northeast waterfront. A proposed development of the northeast waterfront would generate a need for additional 540 parking spaces and building a hotel would create deficit.

Leo McLaughlin, Telegraph Hill Dwellers, commented on the Broadway Hotel RFP. He asked that preference be given to proposals that include ground floor retail on the Embarcadero and Broadway. This would increase pedestrian use in keeping with the Waterfront Plan priorities and guidelines. The Broadway Hotel RFP fails to highlight the regulatory issues within the northeast waterfront historical district. The ordinance places significant restrictions on signage, size and bulk that are not otherwise mentioned in the RFP and might come as a surprise for the bidders. The hotel shown in the sample drawings included in the RFP directly violates the ordinance by showing a building of more than four stories on the seawall lot. He asked that a copy of the northeast waterfront historic district be provided to bidders as soon as possible.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:35 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thatcher*

b. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
Fog City Diner: Bill Upson*

c. Property: located at Broadway and The Embarcadero
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development

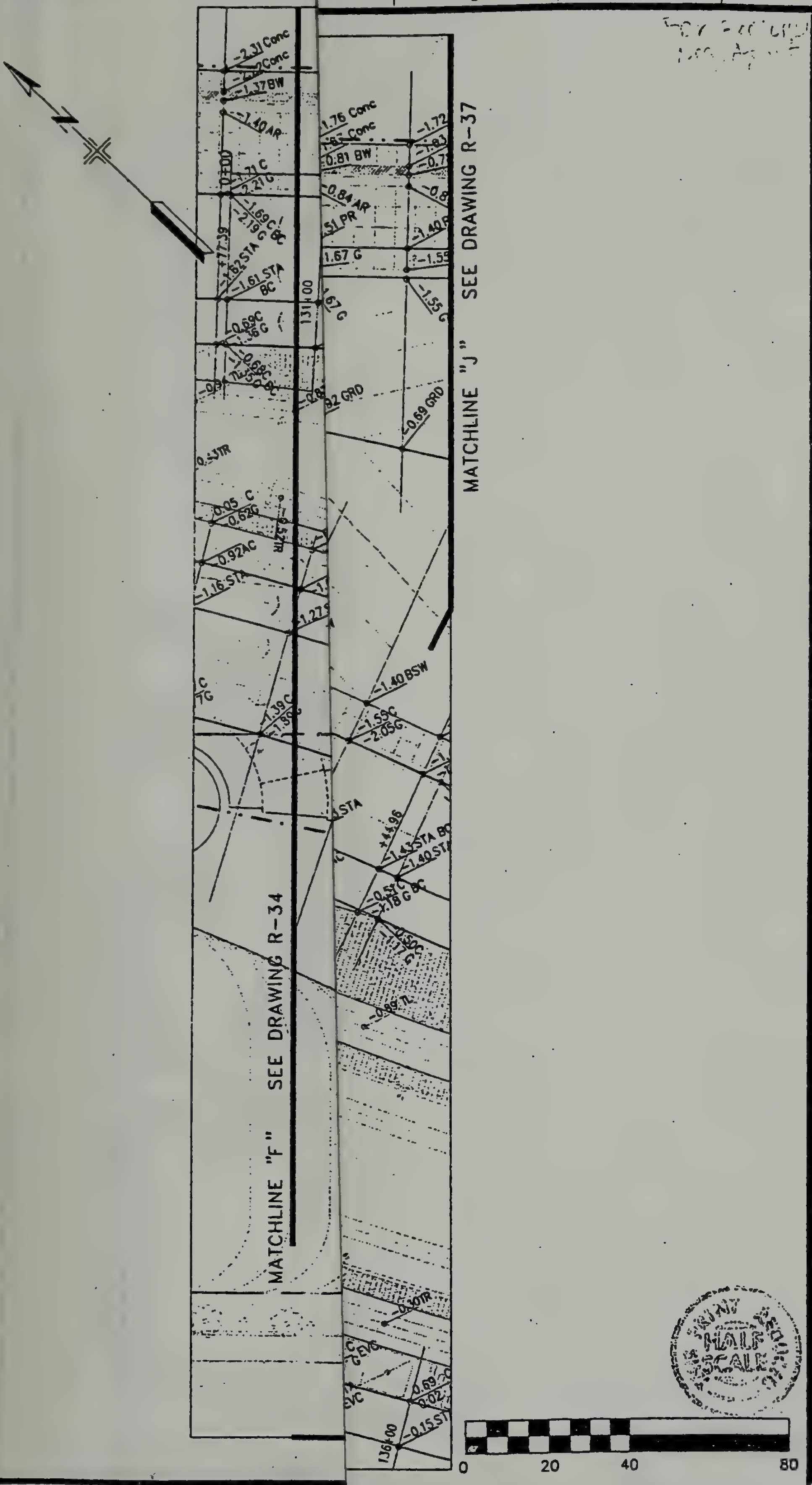
(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

- Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

At 6:20 p.m. Commissioners McCarthy, Brandon, Hardeman and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 6:20 p.m.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MATCHLINE "J" SEE DRAWING R-37
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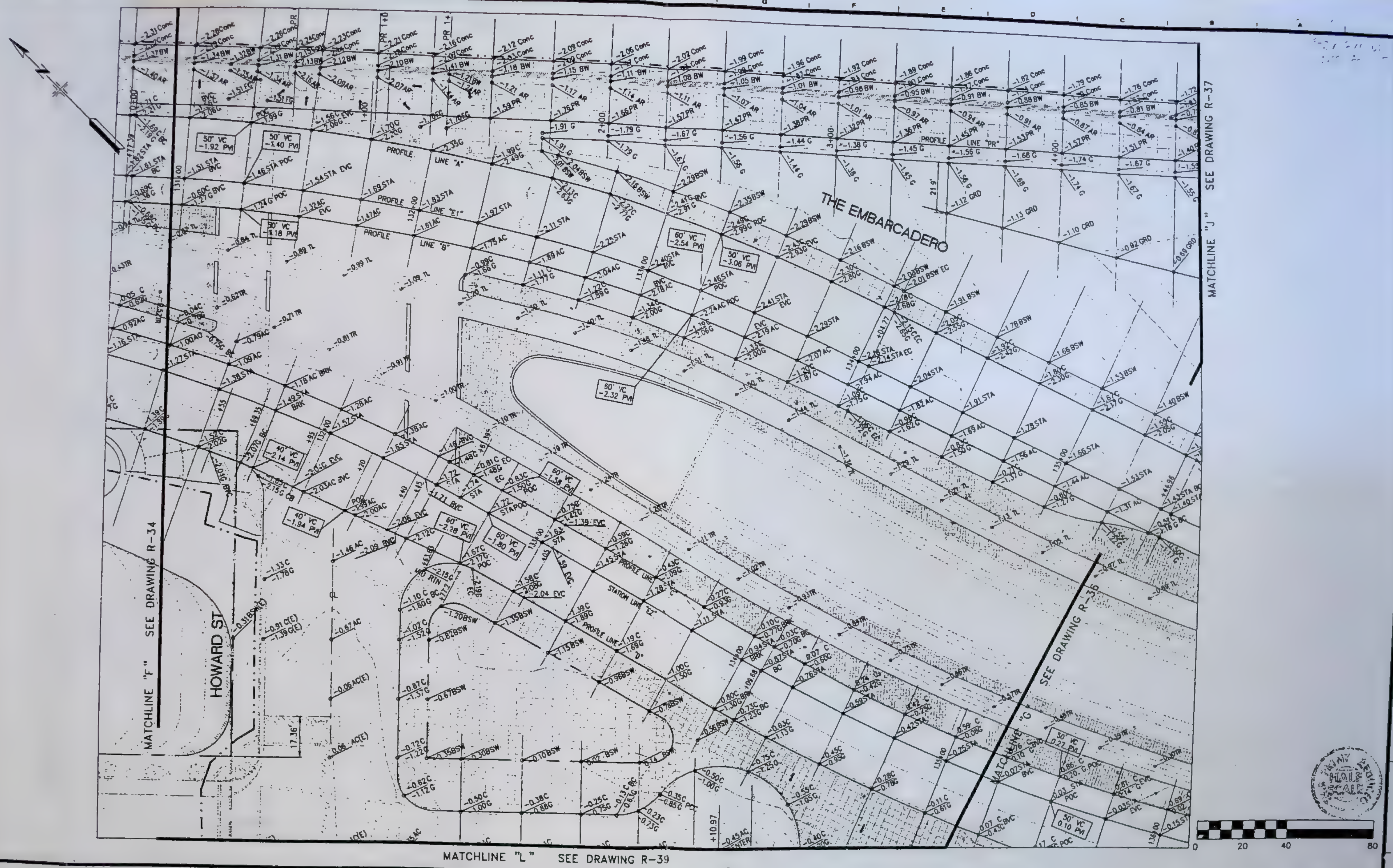
NO.	DATE	DESCRIPTION	BY

TABLE OF REVISIONS
CHECK WITH TRACING TO SEE IF YOU HAVE LATEST REVISION

ADERO SURFACE ROADWAY
F-LINE EXTENSION

ICAL ALIGNMENT

SPECIFICATION NO. 6094Q
DRAWING NO. R-35
FILE NO. 67,410
REV. NO. 0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MATCHLINE "J" SEE DRAWING R-37
MATCHLINE "G" SEE DRAWING R-36
MATCHLINE "L" SEE DRAWING R-39
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PROFILE LINE "PR"
PROFILE LINE "C"
STATION LINE "C2"
PROFILE LINE "D"
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40' VC -1.94 PVI
60' VC -1.58 PVI
60' VC -2.28 PVI
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50' VC 0.27 PVI
50' VC 0.10 PVI
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NO	DATE	DESCRIPTION	BY	APP

TABLE OF REVISIONS
CHECK WITH TRACING TO SEE IF YOU HAVE LATEST REVISION

REFERENCE INFORMATION & FILE NO. OF SURVEYS

ELEVATION DATA: CITY OF SAN FRANCISCO DATUM

SEE R-29 FOR SURVEY INFORMATION

BUREAU OF ENGINEERING
DEPARTMENT OF PUBLIC WORKS
CITY AND COUNTY OF SAN FRANCISCO

STEPHEN J. O'SULLIVAN
No C40487
Exp 6-30-06

DESIGNED: SAC DATE: 07/97	APPROVED 12-15-97 SECTION MANAGER DATE:	SCALE: 1" : 20'	MID EMBARCADERO SURFACE ROADWAY AND F-LINE EXTENSION
DRAWN: SAC DATE: 07/97	12-11-97 DIVISION MANAGER DATE:	SHEET OF SHEETS 7 OF 15	VERTICAL ALIGNMENT
CHECKED: SJO DATE: 7/97	12-12-97 CITY ENGINEER DATE:		

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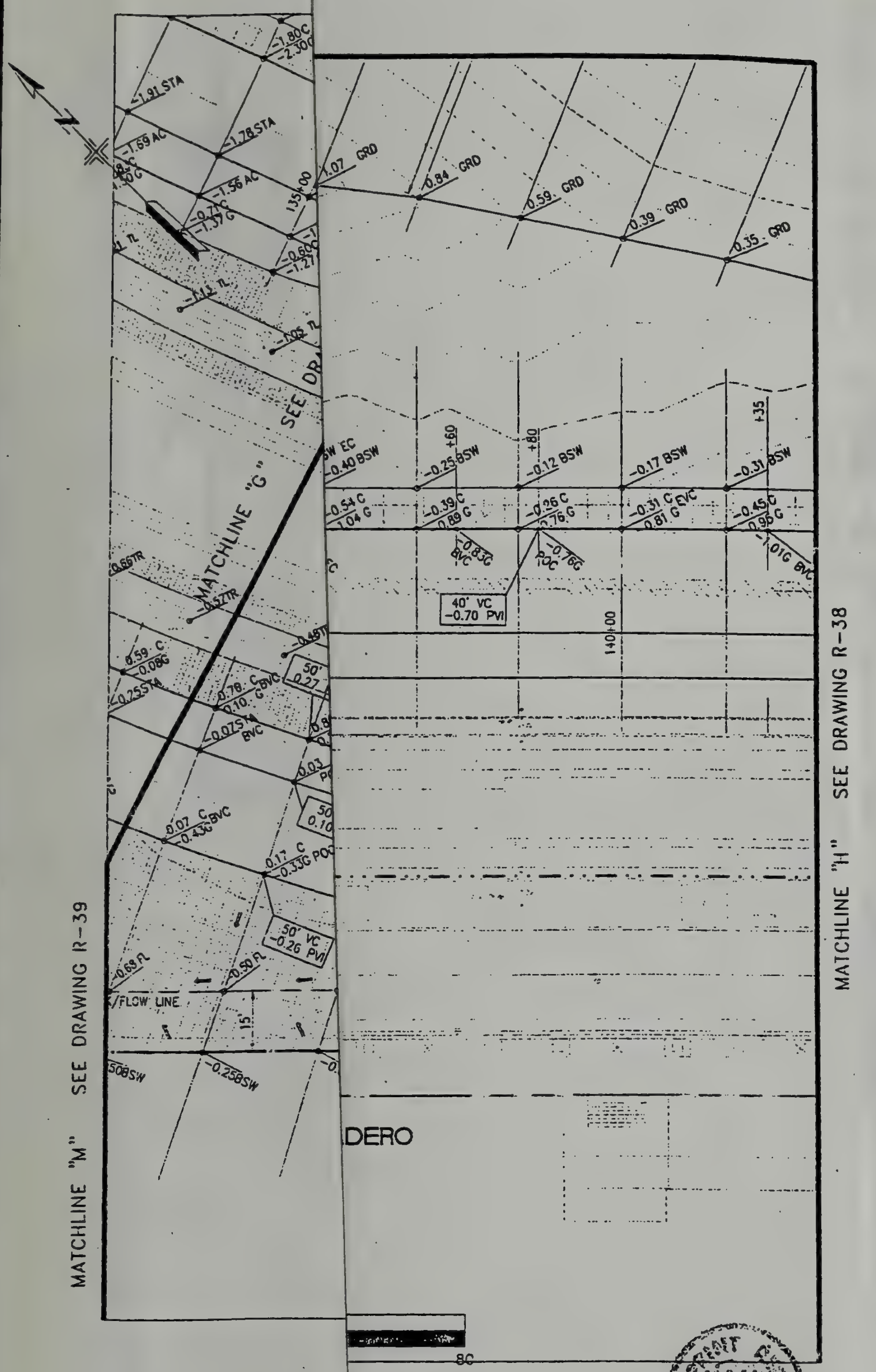
FILE NO. 67,410
REV. NO. 0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MATCHLINE "H"   SEE DRAWING R-38
MATCHLINE "G"
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-0.60 C
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-1.13 TL
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0.39 GRD
0.35 GRD
+60
+80
+35
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-0.40 BSW
-0.25 BSW
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-0.31 BSW
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-0.89 G
-0.26 C
-0.76 G
-0.31 C
-0.81 G
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-0.95 G
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-0.76G POC
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-0.43G BVC
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NO.	DATE	DESCRIPTION

TABLE OF REVISIONS
CHECK WITH TRACING TO SEE IF YOU HAVE LATEST

BARCADERO SURFACE ROADWAY
AND F-LINE EXTENSION

VERTICAL ALIGNMENT

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6094Q

DRAWING NO.
R-36

FILE NO.
67,411

REV. NO.
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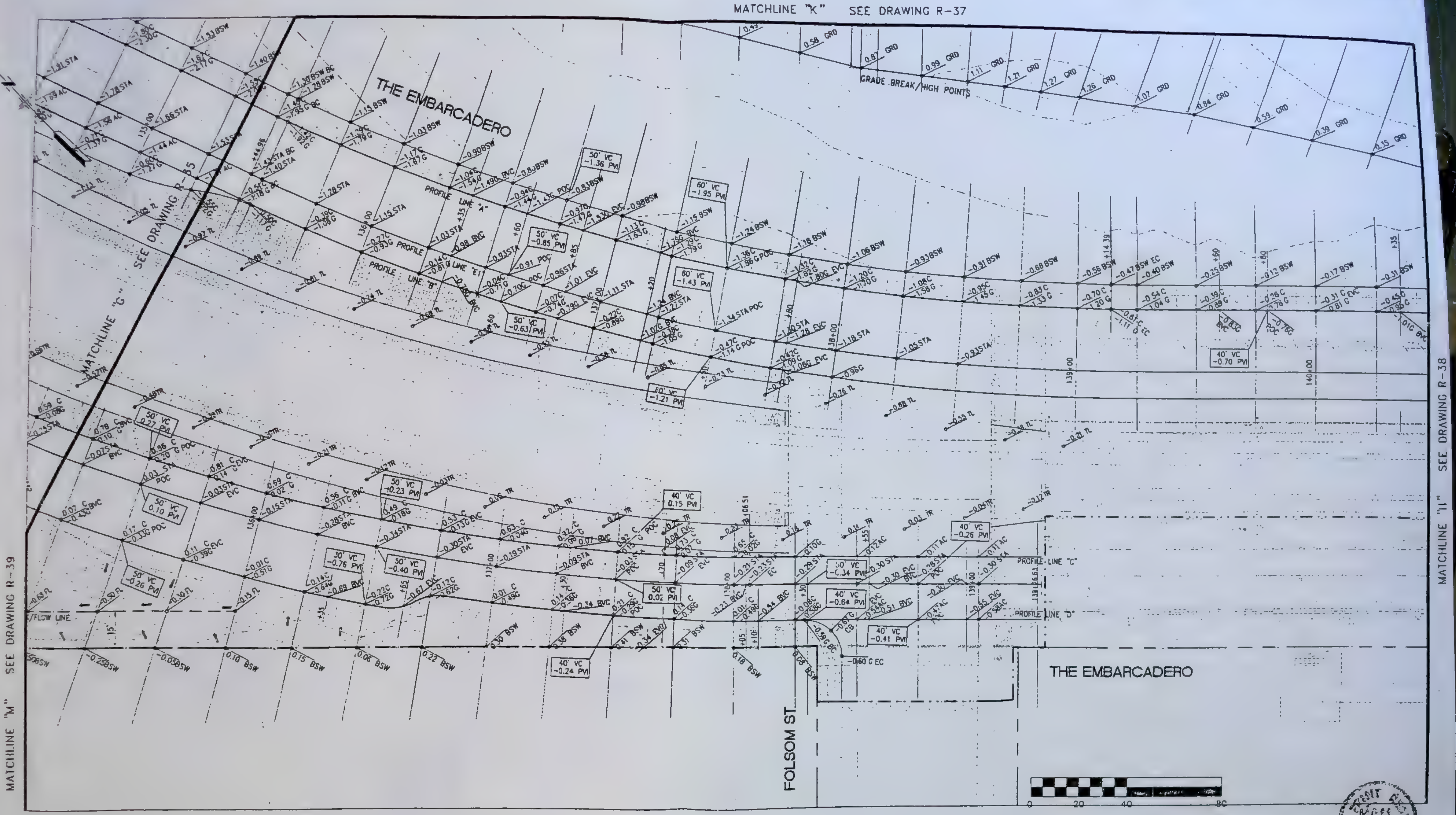
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MATCHLINE "I" SEE DRAWING R-38
THE EMBARCADERO
GRADE BREAK/HIGH POINTS
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NO.	DATE	DESCRIPTION	BY	APP

TABLE OF REVISIONS
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REFERENCE INFORMATION & FILE NO. OF SURVEYS

ELEVATION DATA: CITY OF SAN FRANCISCO DATUM

SEE R-29 FOR SURVEY INFORMATION

BUREAU OF ENGINEERING
DEPARTMENT OF PUBLIC WORKS
CITY AND COUNTY OF SAN FRANCISCO

REGISTERED PROFESSIONAL ENGINEER
STEPHEN J. O'SULLIVAN
No. C48487
Exp. 6-30-00
CIVIL
STATE OF CALIFORNIA

DESIGNED: DATE	SAC 07/97
DRAWN: DATE	SAC 07/97
CHECKED: DATE:	SJO 7/97

APPROVED
12-10-97
SECTION MANAGER DATE:
12-11-97
DIVISION MANAGER DATE:
12-12-97
CITY ENGINEER DATE:

SCALE: 1" : 20'

SHEET OF SHEETS 8 OF 15

MID EMBARCADERO SURFACE ROADWAY AND F-LINE EXTENSION

VERTICAL ALIGNMENT

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FILE NO 67,411
REV. NO. 0

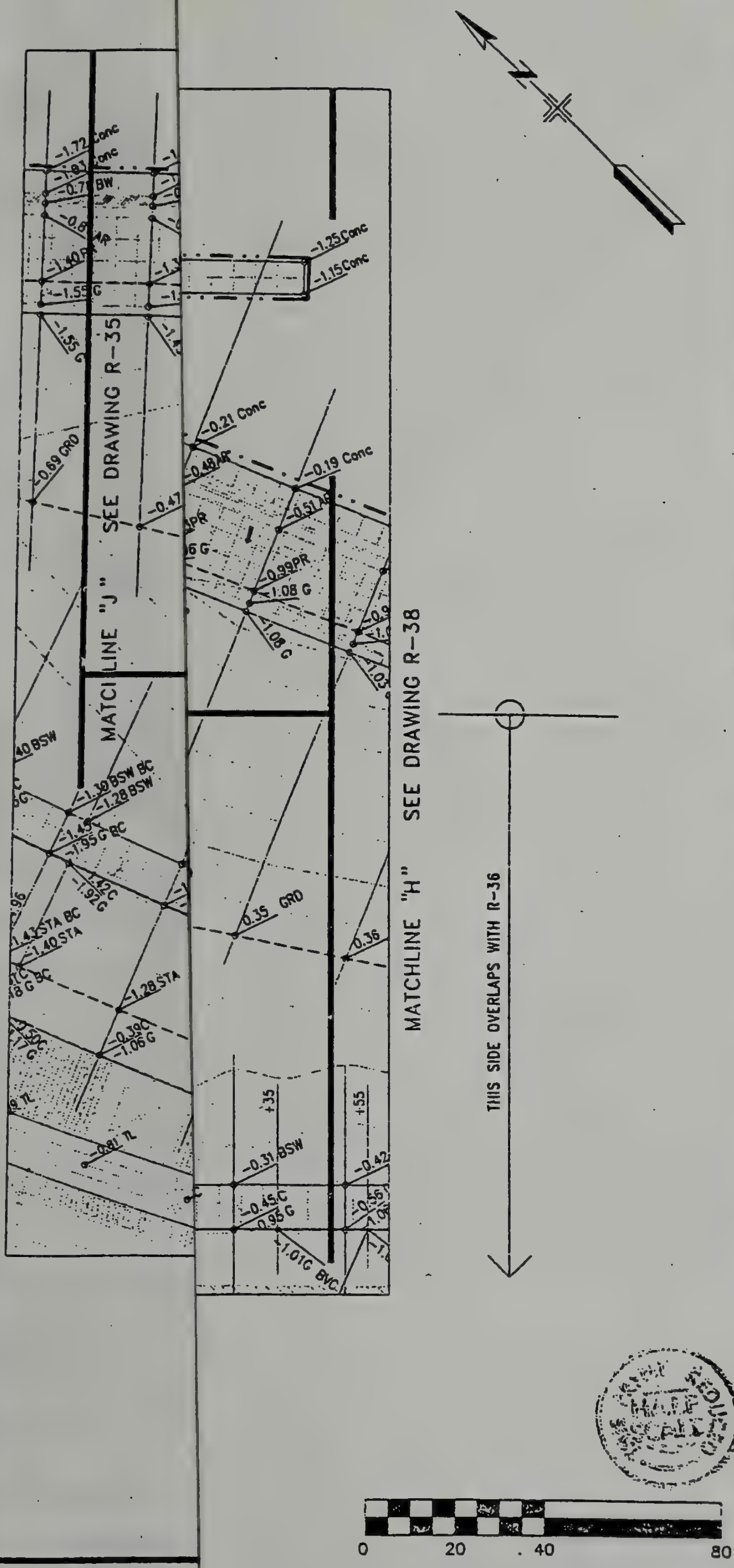

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TABLE OF REVISIONS
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RCADERO SURFACE ROADWAY
ND F-LINE EXTENSION

ERTICAL ALIGNMENT

SPECIFICATION NO.
6094Q

DRAWING NO.
R-37

FILE NO.
67,412

REV. NO.
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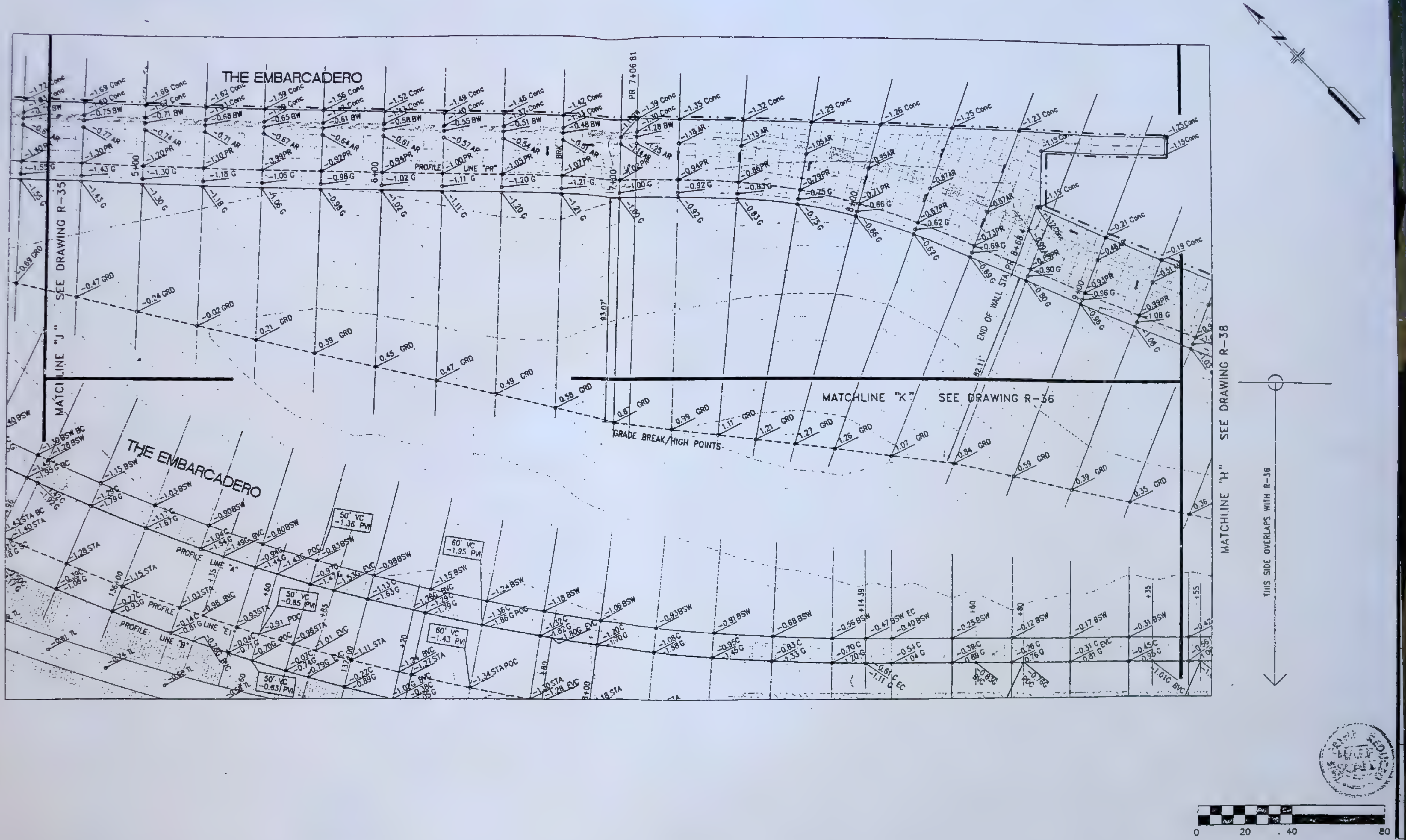
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REFERENCE INFORMATION & FILE NO. OF SURVEYS

ELEVATION DATA: CITY OF SAN FRANCISCO DATUM

SEE R-29 FOR SURVEY INFORMATION

NO	DATE	DESCRIPTION	BY	APP

TABLE OF REVISIONS
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BUREAU OF ENGINEERING
DEPARTMENT OF PUBLIC WORKS
CITY AND COUNTY OF SAN FRANCISCO

STEPHEN J. O'SULLIVAN
No. C48487
Exp. 6-30-00
CIVIL

DESIGNED: SAC	DATE: 07/97
DRAWN: SAC	DATE: 07/97
CHECKED: SJO	DATE: 7/97

APPROVED
SECTION MANAGER DATE: 12-10-97
DIVISION MANAGER DATE: 12-11-97
CITY ENGINEER DATE: 12-12-97

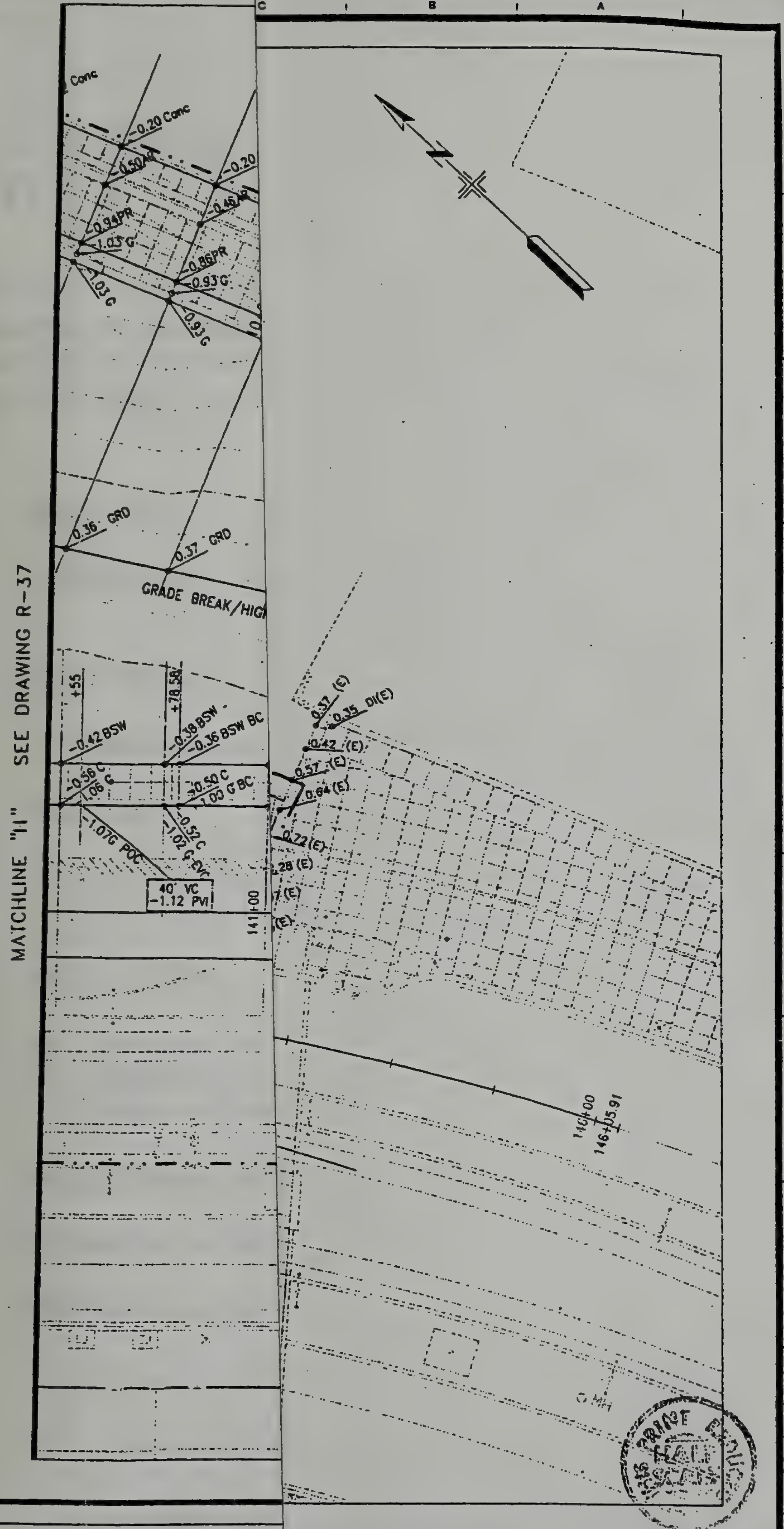
SCALE: 1" : 20'

SHEET OF SHEETS: 9 OF 15

MID EMBARCADERO SURFACE ROADWAY AND F-LINE EXTENSION

VERTICAL ALIGNMENT

SPECIFICATION NO. 60940
DRAWING NO. R-37
FILE NO. 67,412
REV. NO. 0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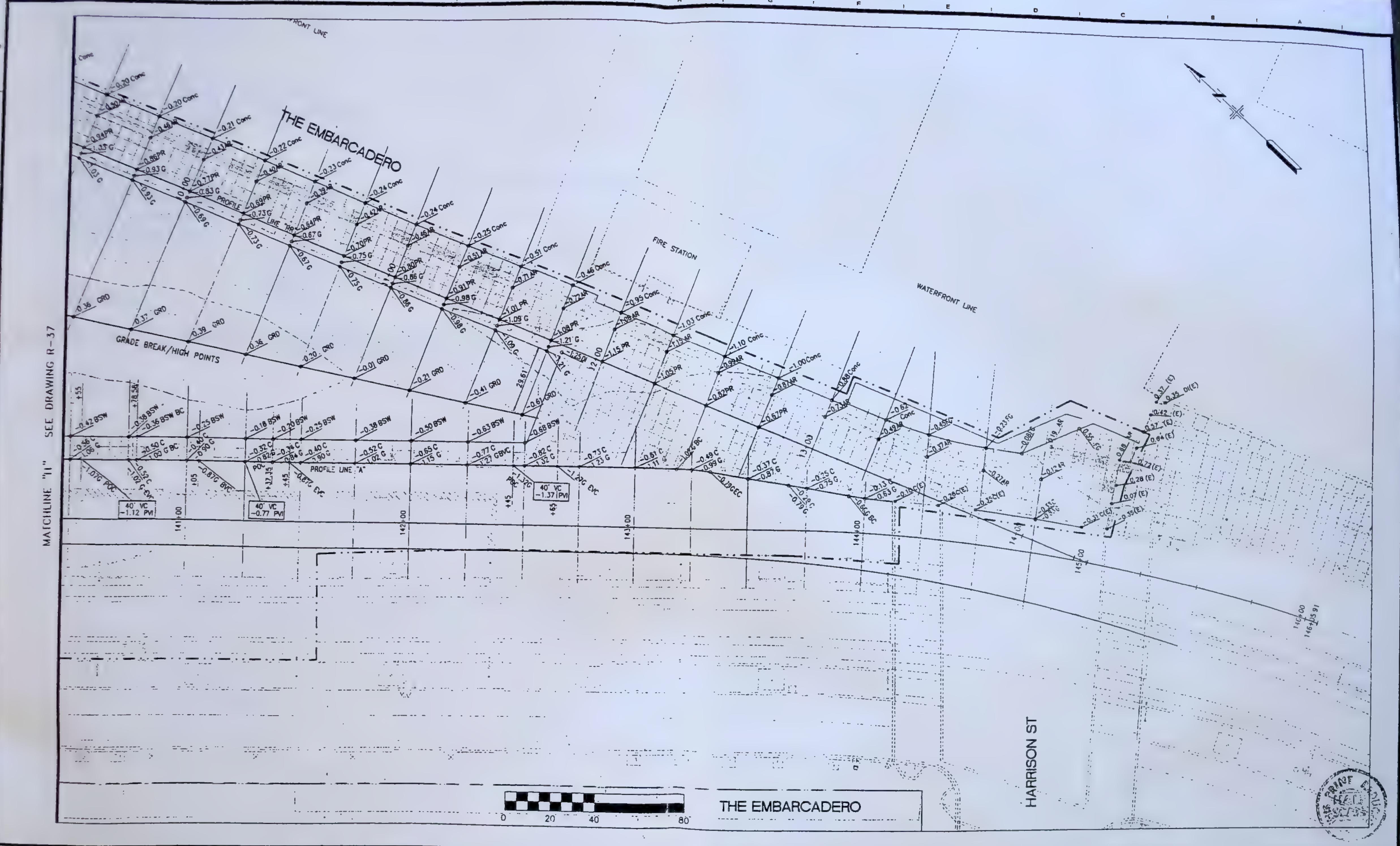
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GRADE BREAK/HIGH POINTS
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40' VC -1.37 PVI
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BUREAU OF ENGINEERING
DEPARTMENT OF PUBLIC WORKS
CITY AND COUNTY OF SAN FRANCISCO

STEPHEN J. O'SULLIVAN
No. C48487
Exp. 6 30 00

DESIGNED:	DATE:
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SAC	07/97
CHECKED:	DATE:
SJO	7/97

APPROVED
12-10-97
SECTION MANAGER DATE:
12-11-97
DIVISION MANAGER DATE:
12-12-97
CITY ENGINEER DATE:

SCALE: 1" : 20'

SHEET OF SHEETS: 10 OF 15

MID EMBARCADERO SURFACE ROADWAY AND F-LINE EXTENSION

VERTICAL ALIGNMENT

SPECIFICATION NO. 60940
DRAWING NO. R-38
FILE NO. 67,413
REV. NO. 0

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/9/99

SAN FRANCISCO PORT COMMISSION

DOCUMENTS DEPT.
FEB 04 1999
SAN FRANCISCO
PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M. TUESDAY, FEBRUARY 9, 1999
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - January 26, 1999 Special Meeting
   - January 26, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of amendment of Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. (Resolution No. 99-11)

5. **REAL ESTATE**

   A. Authorizing the Executive Director to enter into a Letter of Intent between the Port and the Pan Pacific Expo, Inc. for Pier 50 and Seawall Lot 339 for purposes of staging an International Exposition. (Resolution No. 99-05)

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

8. **FINANCE & ADMINISTRATION**

   A. Approval of 1999/2000 Operating Budget. (Resolution No. 99-06)

   B. Approval of 1999/2000 Capital Plan. (Resolution No. 99-07)

   C. Authorization to award contract to Koch Financial Corporation to finance the lease purchase of maintenance equipment. (Resolution No. 99-08)

9. CONSENT CALENDAR

A. Approval of a five-month lease with Ryan Engineering, Inc. for storage space located in Marginal Wharf 65. (Resolution No. 99-09)

B. Approval of Amendment to Exclusive Right to Negotiate with Nice Adventures, Inc. for the Rincon Park Restaurant. (Resolution No. 99-10)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thacher*

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

b. Property: Pier 24-½ (Pier 24 Annex)
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
Metropolis Partners, Inc.: David A. Agger*

An executive session has been calendared to discuss entering into negotiations with the respondent of the Pier 24-½ (Pier 24 Annex) Request for Proposals (RFP).

c. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
Fog City Diner: Bill Upson*

An executive session has been calendared to discuss real estate negotiations between the Port and Fog City Diner regarding the property located at 1300 Battery Street at the Embarcadero.

d. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
Grosvenor Bus Lines: Rubin Glickman*

An executive session has been calendared to discuss real estate negotiations between Port and Grosvenor Bus Lines regarding the property located at Pier 94/96.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case):

- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. FineLine Group, Inc.; FineLine Group, Inc. (cross-complainant) v. Bundox Restaurant, Inc. and Port of San Francisco et. al., San Francisco Superior Court No. 993-792

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

Ferry Building
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MEMORANDUM

February 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Pius Lee
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc.

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENT TO LEASE WITH SAN FRANCISCO DRYDOCK, INC.

BACKGROUND

San Francisco Drydock, Inc. is the Port's largest maritime customer and a major source of jobs for skilled blue-collar union workers in San Francisco. In December 1987, the Port entered into a thirty-year Lease (L-11320) with Southwest Marine, Inc. a California corporation ("SWM"), under which SWM leased and operated the ship yard facilities at piers 68/70. In 1993, SWM assigned the lease to San Francisco Drydock, Inc. ("SFD").

Every five years, lease L-11320 requires the Port to implement a rent increase based on changes in the Consumer Price Index. At the time of such review in 1993, SFD was experiencing a dramatic downturn in business caused by the relocation of military bases away from the Bay Area and a decrease in their traditional core government contract and defense business. Rather than terminate, the port agreed to permit SFD to downsize its total acreage and reduce the rent as a result of negotiations with the tenant. A new amendment to the lease resulted in an increase in SFD's ability to attract non-military work by allowing them to use and pay for only that portion of the facility essential to competing for commercial business among the cruise ship, container, and tanker fleets.

THIS PRINT COVERS CALENDAR ITEM NO. 4A

The intent of the 1994 Amendment was to restructure and revive San Francisco's ship repair business, and was proven successful as SFD's average annual revenues since 1994 climbed to $36 million - a 54% increase over their low point of $23 million in 1993.

The 1994 Amendment was set to expire on the tenth anniversary in December 1997, as the Lease granted the tenant the right to renegotiate the adjusted monthly rent for the duration of the term at that time, or allowed the tenant to unilaterally terminate its agreement upon 90-days written notice if the parties could not agree on a new rent.

In August 1997 SFD informed the Port of their intent to commence negotiations on the lease terms for the period beyond December 1997. Shortly thereafter, SFD was acquired by The Carlyle Group ("Carlyle"), a private merchant bank located in Washington, D.C., and restructured as SWM Holdings, Inc., a Delaware corporation. In order to allow the new owners time to organize, assess, and prepare to compete among West Coast yards, expiration of the 1994 Amendment was extended until February 18, 1998 through a Commission action taken in November 1997.

Expiration of the 1994 Amendment caused the rent to revert to the 1987 lease terms adjusted by ten years worth of Consumer Price Index increases, for a total of approximately $132,384 per month - nearly $1.6 million per year. SFD's new ownership, however, recognized that the downsized leasehold and the facility's aged condition limited SFD's ability to compete coastwise with most repair yards and to grow their business, and contended that the lease terms required review. They also recognized that while the Port's efforts to assist SFD with transitioning to a commercial work base had been successful since 1994, the solution for future growth lies in creating expansion space inside of the leasehold; in achieving operational efficiencies by upgrading and preserving the facility's cranes, buildings, and drydocks through a series of capital improvement projects; and in keeping the rent comparable to other West Coast ship yards.

The burden of undertaking the necessary upgrades required both Tenant and the Port to agree on total leasehold space essential for growth and on the prioritizing of yard facilities to be improved, and to this end Port staff and SFD held a series of meetings assessing the complete situation. The facility-driven issues that impede SFD's ability to compete are:

1. 1989 earthquake damage still pending FEMA funding approval that has, among other impairments, forced closure of a large administrative office building and required SFD to erect temporary office trailers in a prime and central location in the yard previously used for materials lay-down - space that is again required for the efficient distribution of repair materials and supplies to the work sites

2. the accelerating deterioration of the Port's Drydock 1, a 60-year old steel structure that is required for conducting nearly 30% of SFD's business

3. the generally poor and aged condition of the infrastructure, much of it being more than 100 years old

Consequently, both the Port and SFD developed an agreed upon capital improvement plan that will renovate these Port assets and address these issues over a five year term. The funding mechanism for this is designed to be through collaborative contributions between the Tenant and the Port, and includes estimated contributions of $1,975,000 on SFD's part, and $1.3 million from the Port. Of this $1.3 million, Port staff has identified $1.1 million available among supplemental funding reserved by the Board of Supervisors for earthquake related repairs within the Pier 70 area. Port staff also recommends an additional $200,000 in rent credits be applied over the amendment's five-year term, for a total of $1.3 million. At the same time, the Port is also in the process of appealing for FEMA funding of $3.1 million to retrofit and refurbish the condemned administrative office building. In the event the FEMA appeals process is successful, the Board of Supervisors would not need to release the $1.1million of supplemental funding.

In addition to addressing the facilities issues, the rent needs to be maintained at a level comparable to competing West Coast ship yards. Port staff therefore recommends reducing the rent to an average of $1 million per year over five years from the current average of $1.15 million per year. This would establish rent at a level that equates to about 11¢ per square foot per month. A similar yard at San Diego is under lease for 10¢, and a better-equipped yard at Portland is being leased for 12¢ per square foot.

Rather than allow the tenant to terminate its agreement, Port staff has negotiated a restructured lease arrangement that is acceptable to SFD in light of these issues. Its fundamental components consist of (a) expanding the leasehold to include an administration building, warehousing, and a parking area; (b) committing the tenant to complete capital improvements as planned and agreed; and (c) reducing the rent to a level comparable to other West Coast ship yards.

This restructuring will increase SFD's landside holdings from 709,283 square feet to 775,544 square feet and will reduce its annual rent to the Port from a current average of $1,091,245 to $1,000,000. These are the specific provisions:

Proposed Terms:

Term: This amendment will be retroactive to Dec. 17, 1997 and end Dec. 16, 2002, at which time the terms and conditions of original lease L-11320 will apply. However, given the uncertain potential for relocating the shipyard should the

Port gain control of lands at Hunter's Point, the Port and San Francisco Drydock (SFD) agree to revisit the terms and conditions of the lease on or near Dec 17, 2000.

Premises: The Port promises to amend the boundaries of the leasehold for the 5-year term of this amendment to include an additional 327,165 square feet of space:

- the brick office building #104 (30,766 sq.ft.) for use as administrative offices in lieu of building #111, which was condemned as a result of the Loma Prieta earthquake;
- warehouse buildings #113, 114, 115, and an adjacent outside access area (114,957 sq.ft.), known as the machine shop;
- warehouse buildings #30/36 (13,242 sq.ft.);
- warehouse building #109 (approx. 74,000 sq.ft.);
- land for an emergency lane not to exceed 36 ft. in width around the perimeters of buildings and
- an open parking area (94,200 sq.ft.) located between buildings #6 & #111

Rent: Rent will be payable in monthly installments, following this schedule:

• Dec. 17, 1997 through Dec. 16, 1999	-	$ 66,667.00 per month
• Dec. 17, 1999 through Dec. 16, 2000	-	$ 75,000.00 per month
• Dec. 17, 2000 through Dec. 16, 2002	-	$ 104,167.00 per month

Capital Improvements:

The Port will request that the Board of Supervisors release from reserve $1,100,000 in approved supplemental funding for use primarily toward refurbishing administration building #104, and for other capital improvement projects identified by SFD and approved by the Port. SFD will provide proof of completion of work along with:

1. a contractor's invoice

2. a receipt for the cost of materials purchased, or

3. a statement of accounting for any labor SFD may provide

The Port also promises to provide an additional $200,000 in funds for completion of work against the same approved list of capital improvement projects through rent credits over the term of this amendment. Qualification for these credits will be through the same process, but will be applied at a rate not to exceed one half the monthly rent due.

Prepared by: G. L. Roybal, Market Research Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-11

WHEREAS, San Francisco Drydock, Inc. is the Port's largest Maritime customer and among the largest providers of jobs in San Francisco for blue-collar union workers, employing as many as 1,400 people per day; and

WHEREAS, San Francisco Drydock, being the last remaining full service shipyard in Northern & Central California, has achieved successful entry and transition into the commercial markets and gained a valuable reputation in cruise ship, container, and tanker repair that attracts more maritime traffic into San Francisco and creates demand for all of the Port's maritime facilities; and

WHEREAS, the governing lease requires review every five years with respect to changes in the Consumer Price Index; and

WHEREAS, unforeseen impacts such as the Loma Prieta earthquake and Bay Area military base relocations continue to adversely affect this facility's coastwise competitiveness; and

WHEREAS, it is the Port of San Francisco's goal to optimize the leasehold acreage, provide a competitive rent structure in line with similar West Coast yards, undertake necessary dredging of the waterside access way to protect the development potential of this area, and encourage facility improvements that will achieve yard efficiencies and better the Port's facilities; now, therefore be it

RESOLVED, that the Port Commission hereby approves the amended terms of Lease L-11320 with San Francisco Drydock, Inc., and authorizes the Executive Director to execute the Second Amendment to Lease L-11320 substantially on the terms set forth in the Memorandum to the Port Commission for Item 4A at its February 9, 1999 meeting and to take all such action as is necessary to obtain a release of $1.1 million in supplemental funding that the Port has reserved by the Board of Supervisors for earthquake-related repairs and take all such further action as is required to implement the Second Amendment.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 9, 1999.

Secretary

San Francisco Port Commission

Lease L-11320, Exhibit B

January 15, 1999

Capital Improvements Approved for Reimbursements or Rent Credits:

Admin Building Renovations	*
Asphalting, Grading, and Paving	*
Bathroom repairs	*
Cathodic protection systems for drydocks	
Drydock #1 Repairs	
Drydock #2 Repairs	
Environmental upgrades	
Install Blast Booth	
Remove Crane #32	*
Repair 75' x 75' sinking pier section	*
Repair 75' x 75' sinking accessway (cable only)	*
Represerve / Paint cranes	
Roofing repairs	*
Utility repair under piers	*

*** Denotes portions of premises damaged during 1989 Loma Prieta earthquake.**

PORT OF SAN FRANCISCO

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MEMORANDUM

February 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of a Letter of Intent between the Port and the Bay Area Pan Pacific Expo, Inc. for an International Exposition to be held at Pier 50 and Seawall Lot 339.

The Bay Area Pan Pacific Expo, Inc. (PPE) proposes to hold an international exhibition on Port property in the year 2002. PPE presented its initial analysis on the viability of holding an exposition at Piers 27-35. Working with the PPE, staff identified an alternative site for the exposition. The area which is the subject of this letter of intent, is in the central waterfront area and consists of Pier 50, and Seawall Lot 339 adjacent to Terry Francois Boulevard, including the area to be transferred to the Port as part of the Mission Bay Development Agreement. The PPE has indicated that this is the minimal amount of property that they would need to stage this exposition. In order to accommodate a potentially larger exhibition space, as well as to meet potential transportation needs, the PPE will engage the Port, and current Port tenants, in discussions regarding the potential use of Pier 54 and currently leased portions of Pier 50. In addition the PPE has started discussions with the Giants over use of SWL 339 for use of the parking lot on non-game days and with Catellus over use of some of their adjacent space as exhibition space.

This Print Covers Calendar Item No. 5A

The Letter of Intent between the Port and PPE is for an option period which would commence upon payment of a $25,000 deposit to the Port and would extend no later than January 31, 2001. At the end of the option period it is anticipated that a lease between the PPE and the Port would commence. The Letter of Intent is structured in a manner as to create four time periods during which the PPE will have had to meet certain obligations in order to advance to the next phase in the process. These periods are defined in the letter of intent as follows:

1. This first payment of $25,000 would start the letter of intent and would specifically guarantee an option on the property that would run until July 31, 1999. During this initial period the organizers of the Expo would be required to identify the specific site for the exposition and raise $2,000,000 towards the staging of this event.

2. Period 2 would commence on August 1, 1999. It will require a further deposit of $50,000. During this second period the PPE will be required to apply to the appropriate regulatory agencies for the approvals necessary to stage the event. In addition the PPE will have to raise a total of $15,000,000 towards the staging of the event.

3. Period 3 will commence on April 1, 2000. The PPE will be required to pay an additional $75,000 to enter the third period. During this phase the PPE will have to demonstrate that it has raised $25,000,000 towards the staging of this event.

4. The final period will be on July 31, 2000 and will run until either such time as the PPE is ready to enter into a lease for the premises, or January 31, 2001, whichever comes first. This period will require an additional $150,000 deposit. To complete this phase the PPE will have to be in a position to sign a lease agreement with the Port. This will require that all necessary regulatory approvals have been obtained, including environmental review and BCDC approval.

Of the total $300,000 payments, $100,000 will be credited against rent if the Port and PPE successfully negotiate a lease of the property.

Prior to the Executive Director signing the agreement, the PPE will have to demonstrate that they have met with community groups and Port tenants that have been identified by Port staff and apprise these groups of the proposed exposition. At a minimum, these groups will include the Rincon Point South Beach CAC, the Mission Bay CAC, the Southern Waterfront Advisory Committee, the Potrero Hill Merchants Association, Mission Creek Harbor Association, Dog Patch Neighborhood Association, Potrero Hill Booster and Neighbors. In addition the PPE shall notify Port tenants of community meetings regarding the exposition that may be of interest to these associations.

Prepared by: Larry Florin, Director of Special Projects

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-05

WHEREAS, Under the City and County of San Francisco Charter, Section B3.581, the Port Commission has the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within the Port jurisdiction; and

WHEREAS, The Bay Area Pan Pacific Expo, Inc. a California Corporation, has expressed an interest in staging an International Exposition on Port property in the year 2002; and

WHEREAS, The Port of San Francisco has identified an appropriate site for the staging of this exposition;

WHEREAS, The Port of San Francisco has identified community groups that they would like the Bay Area Pan Pacific Expo, Inc. to apprise of the proposal for this exposition prior to execution of any agreement; now therefore be it

RESOLVED, That the Executive Director is authorized to enter into a Letter of Intent with the Bay Area Pan Pacific Expo, Inc. for Pier 50 and Seawall Lot 339 in substantially similar form to the agreement attached to this resolution when the Bay Area Pan Pacific Expo, Inc. has demonstrated that it has met with community and neighborhood organizations potentially impacted by the staging of this exposition.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

February 1, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Fiscal Year 1999/00 Operating Budget

DIRECTOR'S RECOMMENDATION: Approve Resolution For Adoption And Approval of Annual Operating Budget For Fiscal Year 1999/2000.

The purpose of this item is to request Commission approval of the proposed Fiscal Year 1999/00 budget. Following Commission approval, the budget will then be reviewed by the Mayor's Office. The Mayor will submit his budget to the Board of Supervisors by June 1, and the Board's final budget consideration will be on or before August 31, 1999.

The proposed Fiscal Year 1999/00 Operating Budget is summarized as follows:

	1998/99	1999/00	Increase/ (Decrease)	Percent
Revenue	$38,817,700	$44,298,141	$5,480,441	14%
Expense	37,877,705	43,355,962	5,478,257	15%
Surplus	$939,995	$942,179	$2,184	0%

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Revenue
The proposed revenue budget of $44.3 million for FY 99/00 is a $5.5 million increase (14%) over the prior fiscal year. Projected revenues for FY 99/00 are as follows:

	1998/99	1999/00	Increase/ (Decrease)	Percent
Cargo	$1,883,000	$2,565,000	$682,000	36%
Ship Repair	1,200,000	1,000,000	(200,000)	(17%)
Harbor Services	811,000	840,000	29,000	4%
Cruise	350,700	552,000	201,300	57%
Fishing	1,424,000	1,374,000	(50,000)	(4%)
Other Marine	727,000	1,254,000	527,000	72%
Commercial/Indust. Rent	25,716,000	28,269,141	2,553,141	10%
Parking	4,212,000	5,675,000	1,463,000	35%
Filming	175,000	125,000	(50,000)	(29%)
Special Events	95,000	150,000	55,000	58%
Miscellaneous	50,000	50,000	0	0%
Facilities & Permits	155,000	155,000	0	0%
Interest & Penalties	2,019,000	2,289,000	270,000	13%
Total	$38,817,700	$44,298,141	$5,480,441	14%

The major changes in the FY 99/00 revenue budget compared to the prior fiscal year are in Cargo, Ship Repair, Cruise, Other Marine, Commercial/Industrial Rent, and Parking as a result of the following:

- A 36% increase in Cargo revenues is based on additional rent revenues of $682,000, consisting of transfers of existing leases from Real Estate ($307K), new business ($355K), and expansion of existing business ($20K);

- Ship Repair revenue is projected to decrease $200,000 as the new agreement being negotiated with S.F. Drydock will not include percentage rent;

- Cruise revenue is anticipated to increase by $201,300 primarily because Princess Cruises and Crystal Cruises will have homeported vessels in San Francisco resulting in an additional $250,000 in net revenue. This increase is partially offset by a decrease in non-cargo wharfage and rent, as these items have been discounted as part of a volume incentive package. FY 99/00 assumes 46 cruise calls vs. 25 in the FY 98/99 budget;

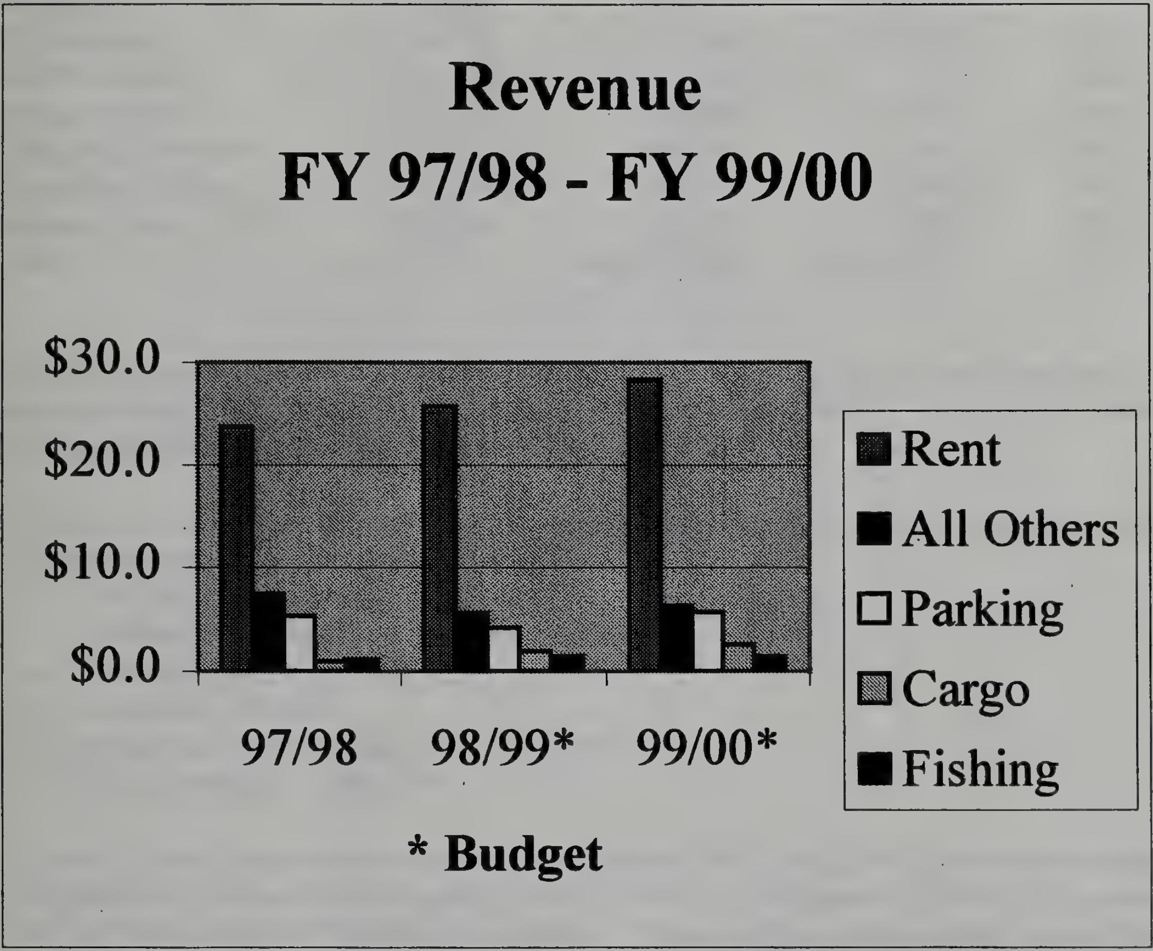
- Other Marine revenues are projected to increase $527,000 from the FY 98/99 budget primarily because of the addition of a full year of dockage from seven Marad lay berth ships;

- Commercial and Industrial Rent is projected to increase $2,553,141 primarily due to new leasing activity. Development activity in the City and major local transportation construction projects have resulted in a high demand for industrial and warehouse properties from businesses displaced by development and from construction

companies requiring ancillary support sites. With much of the last remaining vacant industrial land in the City, the Southern Waterfront has experienced the bulk of the Port's new leasing activity;

- FY 99/00 Parking revenue is projected to increase $1,463,000 over the FY 98/99 budget. The removal of parking meters and stalls in the Ferry Building for the Mid-Embarcadero Roadway Replacement Project, combined with removal of other lots in the City near the Embarcadero and continued demand for parking, has resulted in additional temporary use parking lots and increased rents from recently bid parking lots.

Revenue for a three year period is as follows:



Expense

The proposed FY 99/00 expense budget of $43.4 million is a $5.5 million increase (15%) over the prior fiscal year. The expense summary for FY 99/00 is as follows:

	1998/99	1999/00	Increase/ (Decrease)	Percent
Salaries & Benefits	$17,051,964	$18,808,315	$1,756,351	10%
City-wide Overhead	373,030	384,221	11,191	3%
Other Current Exp.	3,152,868	3,974,916	822,048	26%
Materials & Supplies	1,231,005	1,497,816	266,811	22%
Fixed Charges	581,147	405,690	(175,457)	(30%)
Capital Outlay	610,775	1,155,772	544,997	89%
Facilities Maintenance	228,750	1,843,960	1,615,210	706%
Debt Service	9,069,616	9,040,416	(29,200)	0%
Insurance	650,000	800,000	150,000	23%
City Attorney	1,188,620	1,300,000	111,380	9%
Fire Protection	1,221,432	1,221,432	0	0%
Workers Comp.	325,000	300,000	(25,000)	(8%)
Light, Heat & Power	945,222	996,200	50,978	5%
Other Work Orders	996,776	1,368,824	372,048	37%
Revenue Trans. - DPT	251,500	258,400	6,900	3%
Total	$37,877,705	$43,355,962	$5,478,257	15%

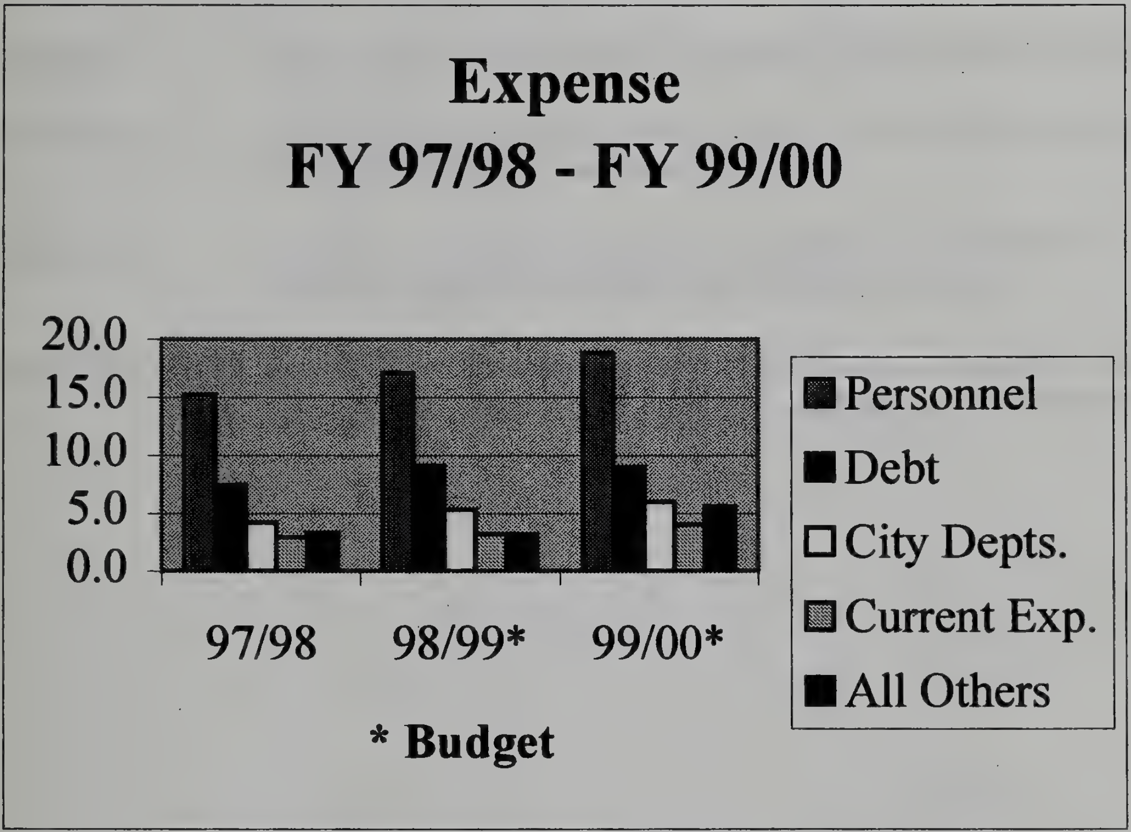
The major changes in the FY 99/00 expense budget over the prior fiscal year are in Salaries & Benefits, Other Current Expenses, Materials & Supplies, Capital Outlay and Facilities Maintenance as a result of the following:

- Salaries & Benefits are projected to increase $1,756,351 (10%) as a result of the following additional incremental expenses:
  - Ten (10) new positions: $574,486
  - Sixteen (16) reclassified positions: $65,403
  - Temporary Salaries: $77,055
  - Overtime: $36,483
  - Adjustments: MOU, step, etc.: $613,485
  - Fringe Benefits: $389,439;
- Other Current Expenses are projected to increase $822,048 (26%) due to additional expenses in almost every category. One of the larger changes is a $138,750 increase to the Promotional & Entertainment budget. These additional funds will be used for the Cruise Incentive Program, as well as for producing informational and marketing publications for the Port. Professional & Specialized Services also increased by $338,050 due to additional tenant audits, systems consulting services, computer aided drafting services, security and fire protection;
- Materials & Supplies are projected to increase $266,811 (22%) primarily due to additional supplies for the maintenance department;

- Capital Outlay is projected to increase by $544,997 (89%) primarily due to an additional $388,000 for computer equipment, a $127,000 increase to the vehicle replacement plan (3 additional vehicles for a total of 14), and various pieces of equipment for the maintenance department;

- Facilities Maintenance is projected to increase by $1,615,210 primarily due to the inclusion of dredging projects totaling $1,366,960 in the Operating budget. Dredging had previously been budgeted entirely in the Capital budget.

Expense for a three year period is as follows:



Port staff requests that the Commission adopt the annual operating budget and authorize the Executive Director to make non-material changes to the budget as may be necessary. Non-material changes are generally technical adjustments to the budget, not policy changes. Examples of non-material changes would be updates to the budget for salaries and fringe benefits as City-wide MOU's are finalized or adjustments to work order amounts with other City departments as cost estimates are finalized. Once the Mayor's Office and the Board of Supervisors finalize the budget, staff will report to the Commission regarding the adopted budget, detailing all changes made by staff, the Mayor and the Board.

Prepared by: Benjamin A. Kutnick

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-06

WHEREAS, staff has developed a Fiscal Year 1999/2000 operating budget; and

WHEREAS, the operating budget includes projected revenues of $44,298,141; and

WHEREAS the operating budget includes projected expenses of $43,355,962; and

WHEREAS, the operating budget includes a projected surplus of $942,179; and

WHEREAS, the operating budget must also be approved by the Mayor and the Board of Supervisors; therefore, be it

RESOLVED, that the Port Commission approves the Fiscal Year 1999/2000 operating budget as presented by staff; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to make non-material changes to the operating budget as may be necessary.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

February 9, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of the Fiscal Year 1999/00 Capital Plan

DIRECTOR'S RECOMMENDATION: Approve Resolution for Adoption and Approval of Fiscal Year 1999/00 Capital Plan

Attached is the Fiscal Year 1999/00 Capital Plan for the review and approval by the Port Commission. The plan provides Port funding in the amount of $7,626,574 for capital projects. The plan will fund $6,150,093 in new projects identified by staff and $1,476,481 in previously approved but unfunded projects. The 1999/00 Capital Plan will be funded out of the Port's unappropriated operating fund balance.

The following schedules are included in the Capital Plan:

- Capital Plan Summary – summarizes the capital project priorities.
- Project Descriptions – provides descriptions of all capital projects.
- Funding Available – identifies funding available for 1998/99 capital projects.
- Project Status Summary – provides a spending status report of previously approved capital and maintenance projects according to the City's FAMIS system.
- Five Year Plan – summarizes the estimated spending plan for capital projects over the next five years.
- Funding Source – identifies the sources of funds allocated to new and on-going projects.
- Grant Summary – lists grants related to capital projects.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

The following highlights the changes from the 1998/99 Amended Capital Plan:

Funded Projects:

New Projects	*Amount Funded*
Portable Fender System	$197,000
Dredging	784,000
Pier 48 Fender and Deck Repair	324,168
Rasterize Engineering Drawings	150,000
Pier 1 Furniture, Fixtures and Equipment	1,250,000
Pier 35 Roof – Gutters and Leaders	289,363
Pier 35 Support Column Repairs	150,000
Pier 35 Gangway repair	50,000
Pier 27/29 Sewer Main	130,000
Pier 27/29 Water Main and Backflow	135,000
Pier 9 Roof Replacement	536,272
Pier 9 Water Main	90,000
Ag Bldg. Fire Escape and Corridor	69,000
Pier 24/26/28 Electrical Transformer	250,000
Pier 50 Sprinklers	320,000
Bike Lane – Terry Francois Blvd.	55,000
Pier 43 Arch Substructure	275,000
Mid Embarcadero Stormwater Control	150,000
Fisherman's Wharf Pollution Prevention Project	140,000
Pier 38 Roof Replacement	336,522
Pier 45C Development Design	332,308
Wafum Lathe	43,700
Poreba Lathe	92,760
Subtotal	$6,150,093

Projects Previously Approved but Unfunded:

Scoma's Seawall Repair	$300,000
Pile Driver/Pile Barge	283,096
50 Ton Crane	459,685
Pier 28 Roof Replacement	331,000
Pier 26 Water Main Replacement	34,500
Pier 50 Water/Sewer Pipes	68,200
Subtotal	$1,476,481
Total Funded Projects	$7,626,574

New Approved Unfunded Projects

Title	*Project Cost*
Pier ½ Barge	$750,000
Drydock Piledrivers and Barge	350,000
Pier 1 ½ to 5 Substructure	2,203,500
Amador Street Repaving	275,000
Pier 1 ½ Second Floor Development	594,000
Pier 29 Roof Replacement	643,808
Pier 31 Roof Replacement	419,007
Abatement and Painting of Pier 50 D	850,000
Pier 27/29 Painting	86,479
Pier 45C Development	2,437,323
Pier 15/17 Roof Replacement	776,050
Abatement and Painting of Pier 50 B & C	1,520,000
Pier 26 North Apron Repair	125,000
ADA Upgrade Fund	100,000
Portwalk Design	100,000
Pier 27/29 ADA and Exiting	82,500
Pier 27/29 Lighting Control	21,000
Ferry Bldg./World Trade Sewer Main	147,530
Pier 24 Removal	1,604,000
Total New Approved Unfunded Projects	$13,085,197

Projects Completed

The following projects were completed since the approval of the 1998/99 Amended Capital Plan:

Title	*Amount Funded*
Relocation of PG&E Gas Structure	$110,000
Triangle Plaza	470,000
Fisherman's Wharf Plaza	535,037
Ferry Building Shear Wall	500,000
Carillon Chime Replacement	19,000
35' Gauge Crane Track Leveling	59,000
Total Completed Projects	$1,693,037

The 1999/00 Capital Plan will be submitted to the Mayor and the Board of Supervisors for approval. Please see the attached 1999/00 Capital Plan for more detail.

Prepared By: Stephanie Downs, Finance Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-07

WHEREAS, The Port has $7,626,574 in the Operating Fund; and

WHEREAS, The next 29 priorities in the Capital Plan are:

1. Scoma's Seawall Repair
2. Portable Fender System
3. Dredging
4. Pier 48 Fender and Deck Repair
5. Rasterize Engineering Drawings
6. Pier 1 Furniture, Fixtures and Equipment
7. Pile Driver/Pile Barge
8. 50 Ton Crane
9. Pier 35 Roof – Gutters and Leaders
10. Pier 35 Support Column Repairs
11. Pier 35 Gangway repair
12. Pier 27/29 Sewer Main
13. Pier 27/29 Water Main and Backflow
14. Pier 9 Roof Replacement
15. Pier 9 Water Main
16. Ag Bldg. Fire Escape and Corridor
17. Pier 28 Roof Replacement
18. Pier 26 Water Main Replacement
19. Pier 24/26/28 Electrical Transformer
20. Pier 50 Sprinklers
21. Pier 50 Water/Sewer Pipes
22. Bike Lanes – Terry Francois Blvd.
23. Pier 43 Arch Substructure
24. Mid Embarcadero Stormwater Control
25. Fisherman's Wharf Pollution Prevention Project
26. Pier 38 Roof Replacement
27. Pier 45C Development Design
28. Wafum Lathe
29. Poreba Lathe; therefor be it

RESOLVED, That the Port Commission authorizes the funding of these 29 projects which have been designated as having the highest priority; and, be it further

RESOLVED, That the Executive Director is hereby authorized to cancel or postpone any funded project due to unforeseen future events or circumstances which may arise after the approval of the 1999/00 Capital Plan; and, be it further

RESOLVED, That projects included in the 1999/00 Capital Plan that have been approved but not funded will be brought before the Port Commission for funding authorization, should funding become available; and, be it further

RESOLVED, That the Port Commission approves the 1999/00 Capital Plan; and, be it further

RESOLVED, that staff is directed to submit the 1999/00 Capital Plan to the Mayor and Board of Supervisors for approval.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

February 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Authorization to Award Contract to Koch Financial Corporation to Finance the Lease Purchase of Maintenance Equipment**

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION TO AWARD CONTRACT TO KOCH FINANCIAL CORPORATION TO FINANCE THE LEASE PURCHASE OF MAINTENANCE EQUIPMENT.

On October 13, 1998, the Port Commission authorized staff to issue a request for bids to finance the lease purchase of certain maintenance equipment by Resolution 98-99. The Request for Bids was issued December 23, 1998. The Request for Bids required that the respondents bid a rate index, and further requested the respondent list the indicative rate based on that rate index for January 12, 1999, to be used for comparative purposes. On January 14, 1999, the following bids were received:

Company	Rate Index	Rate
1. Koch Financial Corp	3 year AAA Municipal Rate + 130 basis points	4.90%
2. TransOcean Funding	5 year Treasuries + 19 basis points	4.94%

Since Koch Financial Corporation's bid reflected the lowest indicative rate of all bids received on January 14, 1999, staff recommends that the contract for financing be awarded to Koch Financial Corporation.

This Print Covers Calendar Item No. 8C

The estimated semi-annual payment for the Koch Financial Corporation bid is $20,775.59, based on an estimated cost of equipment of $182,300 and an interest rate of 4.9%, for a total estimated annual payment of $41,551.18. A copy of the amortization schedule based on these assumptions is attached for your reference.

Prepared by: Stephanie Downs, Finance Manager

Attachment

Amortizaton Schedule:

Totals: $207,755.93 $25,455.93 $182,300.00 **Rate: 4.900%**

Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Option	Outstanding Balance
	1/12/99					$182,300.00
1	7/12/99	$20,775.59	$4,466.35	$16,309.24	$169,310.57	$165,990.76
2	1/12/00	$20,775.59	$4,066.77	$16,708.82	$152,267.58	$149,281.94
3	7/12/00	$20,775.59	$3,657.41	$17,118.19	$134,807.03	$132,163.75
4	1/12/01	$20,775.59	$3,238.01	$17,537.58	$116,918.70	$114,626.17
5	7/12/01	$20,775.59	$2,808.34	$17,967.25	$98,592.10	$96,658.92
6	1/12/02	$20,775.59	$2,368.14	$18,407.45	$79,816.50	$78,251.47
7	7/12/02	$20,775.59	$1,917.16	$18,858.43	$60,580.90	$59,393.04
8	1/12/03	$20,775.59	$1,455.13	$19,320.46	$40,874.03	$40,072.58
9	7/12/03	$20,775.59	$981.78	$19,793.81	$20,684.34	$20,278.76
10	1/12/04	$20,775.59	$496.83	$20,278.76	-$0.00	-$0.00

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-08

WHEREAS, The Port Commission has approved the issuance of a request for bids to finance the lease purchase equipment by Resolution No. 98-99; and

WHEREAS, The Port issued a Request for Bids to Finance the Lease Purchase of certain Maintenance Equipment on December 23, 1998; and

WHEREAS, The Port received two bids pursuant to the Request for Bids on January 14, 1999, one from Koch Financial and one from TransOcean Funding; and

WHEREAS, The indicative rate based on the index quoted by Koch Financial is lower than the indicative rate quoted by TransOcean Funding; now, therefore, be it

RESOLVED, That staff is directed to award the contract for equipment financing to Koch Financial Corporation which is the bidder with the lowest cost of financing; and, be it further

RESOLVED, That the Executive Director is hereby authorized to enter into a Lease Purchase Agreement with the Koch Financial Corporation as the lowest bidder, for the purchase of up to $200,000 of maintenance equipment, plus cost of financing as based on the bid.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
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MEMORANDUM

February 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Authorization to Award Contract to Koch Financial Corporation to Finance the Lease Purchase of Maintenance Equipment**

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION TO AWARD CONTRACT TO KOCH FINANCIAL CORPORATION TO FINANCE THE LEASE PURCHASE OF MAINTENANCE EQUIPMENT.

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Prepared by: Stephanie Downs, Finance Manager

Attachment

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3	7/12/00	$20,775.59	$3,657.41	$17,118.19	$134,807.03	$132,163.75
4	1/12/01	$20,775.59	$3,238.01	$17,537.58	$116,918.70	$114,626.17
5	7/12/01	$20,775.59	$2,808.34	$17,967.25	$98,592.10	$96,658.92
6	1/12/02	$20,775.59	$2,368.14	$18,407.45	$79,816.50	$78,251.47
7	7/12/02	$20,775.59	$1,917.16	$18,858.43	$60,580.90	$59,393.04
8	1/12/03	$20,775.59	$1,455.13	$19,320.46	$40,874.03	$40,072.58
9	7/12/03	$20,775.59	$981.78	$19,793.81	$20,684.34	$20,278.76
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PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-08

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WHEREAS, The Port issued a Request for Bids to Finance the Lease Purchase of certain Maintenance Equipment on December 23, 1998; and

WHEREAS, The Port received two bids pursuant to the Request for Bids on January 14, 1999, one from Koch Financial and one from TransOcean Funding; and

WHEREAS, The indicative rate based on the index quoted by Koch Financial is lower than the indicative rate quoted by TransOcean Funding; now, therefore, be it

RESOLVED, That staff is directed to award the contract for equipment financing to Koch Financial Corporation which is the bidder with the lowest cost of financing; and, be it further

RESOLVED, That the Executive Director is hereby authorized to enter into a Lease Purchase Agreement with the Koch Financial Corporation as the lowest bidder, for the purchase of up to $200,000 of maintenance equipment, plus cost of financing as based on the bid.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
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wwwsfport.com

MEMORANDUM

February 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman, Commissioner
Hon. Pius Lee, Commissioner
Hon. Brian McWilliams, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of a Five-Month Lease with Ryan Engineering, Inc. for Storage Space Located in Marginal Wharf 65.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION.

BACKGROUND

The China Basin Shoreline Stabilization Project will provide approximately 830 linear feet of new shoreline protection along the southern edge of China Basin from the Third Street Bridge to the edge of Pier 48. The protection itself will consist of: 1) a three feet thick recycled concrete armor layer; 2) a one foot thick rock underlayer; 3) filter fabric; and 4) a rock bedding layer to fill any voids that exist between the existing shoreline, and the future cross-slope of the new shoreline protection.

In consideration of $1.00 rent, Ryan Engineering proposes to supply approximately 2,000 cubic yards of material for the China Basin Shoreline Stabilization Project meeting the Port's engineering specifications for recycled concrete. The value of such material is approximately $80,000. In addition, Ryan Engineering will hire an outside inspection services company that meets the industry standard for professional services in the inspection of the recycled concrete material. The inspection services company is to provide a written and signed inspection report to the Port verifying that the material meets the Port's required specifications prior to deposition of the material at this site.

Proposed Terms:

1) Premises: Approximately 12,017 sq. ft. of storage space located at Marginal Wharf 65.

2) Term: The term shall be for five-months commencing on March 1, 1999 and terminate on July 31, 1999.

3) Use: Storage of riprap.

4) Base Rent: The Base Rent shall be $1.00 for the term.

Recommendation

Port staff estimates an approximate savings of $80,000 in future material costs by using the recycled concrete material provided by Ryan Engineering.

Prepared by: Jeffrey A. Bauer, Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-09

WHEREAS, Section B 3.581 of the City Charter empowers the Port Commission of San Francisco (the Commission) with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Section B 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Ryan Engineering, Inc. has proposed to lease approximately 12,017 sq. ft. of storage space located at Marginal Wharf 65 for the purposes of storage; and

WHEREAS, the Port will receive approximately 2,000 cubic yards of recycled material which represents as saving of $80,000 of material cost for the Port; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves Lease No. L-12671, between the Port Commission and Ryan Engineering, Inc. on the terms and conditions outlined in the memorandum to the Port Commission for Agenda Item 9Ao f the Port Commission meeting on February 9, 1999, and the Port Commission authorizes the Executive Director of the Port, or his designee, to execute the same on behalf of the Port in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 9, 1999.

Secretary

G:\WP51\AGENDAS\Ryan Engineering.doc

PORT OF SAN FRANCISCO

Ferry Building
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wwwsfport.com

MEMORANDUM

February 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval to Enter into Revised Exclusive Right to Negotiate with Nice Ventures Incorporated for Redevelopment of the Rincon Park Restaurant

DIRECTOR'S RECOMMENDATION: APPROVE REVISED EXCLUSIVE RIGHT TO NEGOTIATE WITH NICE VENTURES INCORPORATED

BACKGROUND

On July 23, 1998, the Port issued a Request for Proposals ("RFP") for the Restaurant Development Opportunity at Rincon Park. Pursuant to this RFP, on November 10, 1998, the Port Commission approved Resolution 98-106 authorizing staff to execute an Exclusive Right to Negotiate Agreement with Nice Ventures, Inc. ("Agreement") to develop and operate a restaurant located at the southern end of Rincon Park. Subsequent to Port Commission approval of this item, Nice elected not to sign the Agreement pending further negotiation of the economic parameters set forth in Exhibit 1 to the Agreement, the "Principles and Terms for Negotiations." These negotiations resulted in a request by Nice to amend the dates of the Agreement to the current date, and to further amend the "Principles and Terms for Negotiations" as discussed below.

REVISIONS TO PRINCIPLES AND TERMS FOR NEGOTIATIONS

The revised "Principles and Terms for Negotiations" exhibit ("Revised Terms") has been modified over the original "Principles and Terms for Negotiations" ("Original Terms") approved by the Port on November 10, 1998. The primary changes are as follows:

1. **Options**: The Original Terms provided three 5-year terms. The Revised Terms still provide three 5-year options, subject to legal limitations on maximum lease term for Port property, but provide flexibility to further negotiate the options if necessary to finance the project;

2. **Monthly Minimum Rent During Construction**: The Original Terms did not specify an amount. The Revised Terms propose the amount of $5,000;

3. **Rents/Rent Credits**: The Original Terms stated that Annual Minimum Rent would be no less than $200,000 per year, Percentage Rent would be 6.25% of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits and that rent credits would be negotiated. The Revised Terms state: **EITHER** – percentage rent of 3.00% of gross receipts (less sales tax) versus minimum rent of $200,000 per year and no rent credits – **OR** – Percentage rent of 6.25% of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits for verifiable hard construction and design and engineering costs, not to exceed $6 million. Rent credits shall be taken only in the first fifteen years after commencement of the lease;

4. **Condition of Site**: The original terms stated that the condition of the site would be negotiated between the Port and Nice Ventures, Inc. The revised terms state the following:

   Grading – Site to be graded by the City consistent with Waterfront Transportation Project drawings R-35, R-36, R-37, R-38 (approved by the City Engineer on 12/12/97 and attached to this Exhibit) at no cost to tenant;

   Utilities – Utility hookups to be provided by the City to the Embarcadero, at no cost to tenant; and

   Remediation of Hazardous Materials – Port and the Tenant shall share any costs associated with soils remediation or cleanup on a 50/50% basis, provided that the total costs of the remediation or cleanup does not exceed $100,000. Any additional costs shall be subject to further negotiation between the Tenant and the Port. Tenant's share of cost is recoverable as rent credit.

STAFF RECOMMENDATION

Staff recommends that the Port Commission approve the revisions to the Exclusive Right to Negotiate with Nice Ventures, Inc., as set forth herein, the term of which shall commence on February 10, 1999.

Prepared by: Paul Osmundson
Director, Planning & Development

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-10

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on July 23, 1998, the Port issued a Request for Proposals for the Restaurant Development Opportunity at Rincon Park ("RFP"); and

WHEREAS, On November 10th, 1998, the Port Commission awarded Nice Ventures Inc. the opportunity to enter into an exclusive right to negotiate with the Port pursuant to the RFP; and

WHEREAS, Nice Ventures Inc. subsequently has requested revisions to the Exclusive Right to Negotiate which have been reviewed and recommended by Port staff; and

WHEREAS, The Port Commission has reviewed the Port Staff's recommendation set forth in the Memorandum to the Port Commission dated February 4, 1999; now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port or his designee, to execute a revised Exclusive Right to Negotiate agreement substantially in the form attached as Exhibit A and incorporating the economic parameters set forth in Exhibit 1 to the Exclusive Right to Negotiate outlined in the Memorandum of Agenda Item 9B for the February 9, 1999, Port Commission meeting, a copy of which is on file with the Port Commission Secretary, with the understanding that the final terms and conditions of the Lease and related documents negotiated between Nice Ventures Inc. and Port staff during the Exclusive Negotiation Period will be subject to the approval of the Port Commission; and be it further

RESOLVED, that prior to considering any approval of a Lease and related documents, any environmental review required under the California Environmental Quality Act (CEQA) will be completed; and be it further

RESOLVED, The City Planning Department's Office of Environmental Review has determined that additional environmental review is not required for the project as identified in the RFP/Q. If, through exclusive negotiations, actions and activities are identified that would require additional environmental review, and if such additional environmental review identifies significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project, (3) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (4) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 9, 1999.

____

Secretary

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EXHIBIT A

EXCLUSIVE RIGHT TO NEGOTIATE

THIS EXCLUSIVE RIGHT TO NEGOTIATE ("Exclusive Right") is entered into as of this 10th day of February, 1999, by and between the **City and County of San Francisco** ("City"), **acting by and through its Port Commission** ("Port"), and Nice Ventures Inc., a California corporation ("Developer") upon the following facts, intentions and understandings of the parties:

A. By a Request for Proposals ("RFP"), dated July 23 1998, the Port solicited submittals of proposals from qualified parties to develop a restaurant on an approximately 20,000 square foot parcel located in the southerly portion of Rincon Park (the "Site"), located in the City and County of San Francisco. Submittals were received by September 30, and the Port Commission awarded the opportunity to enter into exclusive negotiations with the Port at its meeting of November 10, 1998, by Resolution No. 98 - 106.

B. The parties now desire to enter into this Exclusive Right to Negotiate to set forth the terms and conditions upon which Port and Developer will enter into lease negotiations and seek to complete a written lease and such other documents as are necessary to effect the lease of the Site (collectively, "Lease") for Port Commission approval.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term. The term of this Exclusive Right will be for four months, and will commence on February 10, 1999 and will expire on June 10, 1999, unless extended in accordance with Section 3 below. The term of this Exclusive Right, including any extensions, is hereinafter referred to as the "Exclusive Negotiation Period". During the Exclusive Negotiation Period, the Port will not solicit or consider any other proposals or negotiate with any other developer with respect to the development of the Site.

2. Negotiating Fee. Developer shall pay to Port a lump sum by cash payment in the amount of Forty Thousand and No/100 Dollars ($40,000), inclusive of the Twenty Thousand + No/100 Dollars ($20,000) Earnest Money Deposit submitted with the proposal, receipt of which Port hereby acknowledges. The $ 40,000 payment is in consideration for the right to negotiate exclusively with the Port for the Site during the Exclusive Negotiation Period, and is non-refundable whether or not the parties enter into a final Lease.

3. Extension of Negotiating Period.

a. Option Period. Developer shall have four one-month options (each an "Option Period") to extend the Exclusive Negotiation Period, commencing on June 10, 1999. Developer shall exercise each option to extend by written notice of the exercise of such option delivered with a cash, check or money order payment of Five Thousand Dollars ($ 5,000) per Option Period (each an "Option Payment") to Port at the address for notice set forth in Paragraph 9 below, prior to the commencement of the next Option Period. If additional environmental review is required for the project and the parties have been unable to execute a Lease prior to the expiration of the original term of this Exclusive Right (or the preceding Option Period, if applicable) due solely to the failure of the San Francisco Department of City Planning Office of Environmental Review ("OER") to complete its environmental evaluation in time for execution of a Lease, Port shall waive its rights to the applicable Option Payment. This waiver shall not apply if Developer creates a delay, including, without limitation, its failure to comply with requests for information or other OER requirements.

b. Option Payment Non-Refundable. Each Option Payment shall be non-refundable; provided, however, that the Port shall credit any Option Payment against rent due by Developer if the Developer delivers an Option Payment for a subsequent Option Period and the Port Commission approves a Lease for the Site with Developer before the commencement of that subsequent Option Period. Developer's failure to exercise any Option Period in accordance with this paragraph 3 shall extinguish all future Option Periods and shall terminate this Exclusive Right as of the last date of the Exclusive Negotiation Period or the applicable Option Period.

4. Negotiation of Lease.

a. Negotiation of Lease. During the Exclusive Negotiation Period, Port and Developer shall diligently meet, negotiate in good faith, and seek to complete a Lease for the Site in a form approved by the San Francisco City Attorney, incorporating

specific terms including without limitation the Port's and Developer's responsibilities, the economic parameters, development standards and requirements, and a performance schedule. The Lease will be subject to Port Commission approval. The parties are entering into this Exclusive Right to Negotiate based upon certain underlying principles and understandings developed through the RFP process, as set forth in Exhibit 1 attached hereto. The parties shall negotiate the Lease in substantial conformity with the basic principles and terms set forth in Exhibit 1; provided, however, such terms are subject to change by mutual agreement of the parties. The parties acknowledge that the terms of Exhibit 1 merely purport to set forth general principles upon which the parties have agreed; any binding Lease shall be subject to review and approval by the parties, their respective legal counsel, and the San Francisco Port Commission.

b. Final Action Subject to Environmental Review. The Port will not enter into any final Lease for the project which will allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA). Although OER has determined that additional environmental review is not required for the project as identified in the RFP, if, through exclusive negotiations, actions and activities are identified that would require additional environmental review, and if such additional environmental review identifies significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project, (3) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (4) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

5. Regulatory Approvals, Submittals, and Disclosures.

a. Regulatory Approvals. The parties acknowledge that certain regulatory approvals are required for the development of the Project, including, but not limited to, all necessary approvals from the Bay Conservation and Development Commission ("BCDC"), design review by the Port and advisory design review by the Redevelopment Agency (collectively, "Regulatory Approvals"). Additional environmental review by OER, pursuant to CEQA, may be required under certain circumstances. As described in paragraph 4 above, any required additional environmental review by OER shall be completed prior to the approval of any Lease by the Port and the Board of Supervisors. The effectiveness of any such Lease shall be conditioned upon Developer obtaining all other Regulatory Approvals subsequent to approval of any such Lease by the Port Commission and Board of Supervisors.

b. Developer's Obligations. Except as provided in subsection 5.c below, Developer agrees:

(1) It shall diligently and in good faith pursue all Regulatory Approvals;

(2) It shall be solely responsible for applying for and obtaining all Regulatory Approvals, and Developer shall not seek any Regulatory Approval without first obtaining the approval of Port;

(3) It shall bear all costs associated with or complying with any necessary Regulatory Approval;

(4) It will pay and discharge any fines or penalties imposed as a result of the failure of Developer to comply with the terms and conditions of any Regulatory Approval, and Port shall have no liability, monetary or otherwise, for said fines and penalties.

(5) To the fullest extent permitted by law, Developer agrees to indemnify and hold City, Port and their officers, agents and employees harmless from and against any loss, expense, cost, damage, attorneys' fees, penalties, claims or liabilities which City or Port may incur as a result of Developer's failure to obtain or comply with the terms and conditions of any Regulatory Approval.

(6) It will undertake and complete its "due diligence" review of the Site, prepare financial projections, and complete preliminary development plans for the Site, including, but not limited to floor plans, elevations, and renderings.

(7) It will submit to Port, OER, BCDC and any other regulatory agency having approval over the project, all specifications, descriptive information, studies, reports, disclosures and any other information required to satisfy the application filing requirements of those agencies.

c. Port's Obligations. Port agrees that it will cooperate with Developer in filing for, processing and obtaining all Regulatory Approvals, and to the extent required by any regulatory agency issuing a Regulatory Approval, it will join with Developer as co-applicant in filing, processing and obtaining all Regulatory Approvals necessary for the development of the Site. Nothing contained herein shall be deemed to limit or otherwise constrain Port's discretion, powers and duties as a regulatory agency of the City with certain police powers.

6. **Non-Assignment.** The parties acknowledge that Port is entering into this Exclusive Right on the basis of the special skills, capabilities and experience of Developer. This Exclusive Right is personal to Developer and is non-assignable without the prior written consent of Port, which may be withheld in Port's sole discretion. Any attempted assignment of this Exclusive Right, or the dissolution, merger, consolidation or other reorganization of Developer or any cumulative or aggregate sale, transfer, assignment or hypothecation of more than 50% of the total capital stock of Developer shall, at the Port's option, be considered an event of default under this Exclusive Right and, upon Port's notice to Developer, shall immediately and without opportunity to cure give rise to Port's remedies provided in Section 7 hereof.

7. Default.

a. Event of Default. The occurrence of any of the following shall constitute a default by Developer after notice of the default and the expiration of the applicable cure period, if any:

(1) Failure to pay any sums due hereunder when due.

(2) Failure to perform or abide by any other provision of this Exclusive Right if such failure is not cured within twenty (20) days after notice has been given to Developer. If the default cannot reasonably be cured within 20 days, Developer shall not be in default of this Exclusive Right if Developer commences to cure the default within the 20-day period and diligently and in good faith continues to cure the default.

(3) Either (i) the filing by Developer of a petition to have Developer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization or arrangement under any bankruptcy or insolvency law, or a general assignment by Developer for the benefit of creditors; or (ii) the filing by or against Developer of any action seeking reorganization, arrangement, liquidation, or other relief under any law relating to bankruptcy, insolvency, or reorganization or seeking appointment of a trustee, receiver, or liquidator of Developer or of any substantial part of Developer's assets.

b. Port's Remedies. In the event of default, Port, at its option, may terminate this Exclusive Right upon written notice to Developer, sent in accordance with Section 9 below. This remedy is not exclusive, but shall be cumulative with any remedies now or later allowed by law.

8. Attorneys Fees. In the event of any action or proceedings at law or in equity between the Port and Developer to enforce any provision of this offer to protect or establish any right or remedy of either party to this agreement, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses as determined by the court, including reasonable attorney's fees, incurred therein by such prevailing party; and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney's fees shall be included in and as a part of such judgment. For purposes of this Exclusive Right, reasonable fees of attorneys of the Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience (calculated by reference to earliest year of admission to the Bar of any State) who practice in the City in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

9. Notices. Any notice given under this Exclusive Right shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Port: Director, Planning & Development
Port of San Francisco
Room 3100, Ferry Building
San Francisco, CA 94111
Telefacsimile: (415) 274-0412
Telephone: (415) 274-0546

Developer : Nice Ventures, Inc.
1606 Stockton Street
Mezzanine Level
San Francisco, CA 94133
Attention: Reed Hearon, President

Any mailing address or telefacsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Exclusive Right shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A person may not give official or binding notice by telefacsimile. The effective time of a notice shall not be affected by the receipt, original, of a telefacsimile copy of the notice.

10. City Requirements

a. MacBride Principles-Northern Ireland. City urges companies doing business in Northern Ireland to move towards resolving employment inequities and encourages such companies to abide by the MacBride Principles. City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

b. Tropical Hardwood/Virgin Redwood Ban. City urges Developer not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product.

c. Burma (Myanmar) Business Prohibition. Developer is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a prohibited person or entity as defined in Section 12J.2(G) of the San Francisco Administrative Code. The Port reserves the right to terminate this Exclusive Right for default if the Developer violates the terms of this section.

11. Miscellaneous Provisions.

a. California Law. This Exclusive Right shall be construed and interpreted in accordance with the Laws of the State of California and City's Charter.

b. Entire Agreement. This Exclusive Right contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to such subject matter are superseded in total by this Exclusive Right. No prior drafts of this Exclusive Right or changes from those drafts to the executed version of this Exclusive Right shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider those drafts in interpreting this Exclusive Right.

c. Amendments. No amendment of this Exclusive Right or any part thereof shall be valid unless it is in writing and signed by all of the parties hereto.

d. Severability. Except as is otherwise specifically provided for in this Exclusive Right , invalidation of any provision of this Exclusive Right, or of its application to any person, by judgment or court order, shall not affect any other provision of this Exclusive Right or its application to any other person or circumstance, and the remaining portions of this Exclusive Right shall continue in full force and effect, unless enforcement of this Exclusive Right as invalidated would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the purposes of this Exclusive Right.

e. No Party Drafter; Captions. The provisions of this Exclusive Right shall be construed as a whole according to their common meaning and not strictly for or against any party in order to achieve the objectives and purposes of the parties.

Any caption preceding the text of any section, paragraph or subsection or in the table of contents is included only for convenience of reference and shall be disregarded in the construction and interpretation of this Exclusive Right.

f. Singular, Plural, Gender. Whenever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, and vice versa.

g. Authority. If Developer signs as a corporation or a partnership, each of the persons executing this Exclusive Right on behalf of Developer does hereby covenant and warrant that Developer is a duly authorized and existing entity, that Developer has and is qualified to do business in California, that Developer has full right and authority to enter into this Exclusive Right, and that each and all of the persons signing on behalf of Developer are authorized to do so. Upon Port's request, Developer shall provide Port with evidence reasonably satisfactory to Port confirming the foregoing representations and warranties.

h. Waiver. No failure by Port to insist upon the strict performance of any obligation of Developer under this Exclusive Right or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, and no acceptance of full or partial Rent during the continuance of any such breach shall constitute a waiver of such breach or of Port's rights to demand strict compliance with such term, covenant or condition. Port's consent to or approval of any act by Developer requiring Port's consent or approval shall not be deemed to waive or render unnecessary Port's consent to or approval of any subsequent act by Developer. Any waiver by Port of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Exclusive Right.

i. Time is of the Essence. Time is of the essence of each provision of this Exclusive Right.

WHEREFORE, this Exclusive Right to Negotiate was executed by the parties hereto on the date set forth below.

"Port"

CITY AND COUNTY OF SAN FRANCISCO,
Acting by and through its Port Commission

____
By:
Director, Planning & Development

Dated:__________________

Approved as to Form:

LOUISE H. RENNE
City Attorney

By:______________________
Deputy City Attorney

H:Rincon Park Rest Exclusive Right, Feb 4

"Developer"

By ______________________

Its ________________

Dated:__________________

By ______________________

Its ________________

Dated: __________________

REVISED COPY

Exhibit 1: Principles and Terms for Negotiations

Landlord	Port of San Francisco
Tenant	Rincon Restaurant LLC
Party to the Exclusive Right to Negotiate	Nice Ventures, Inc.
Lease Term	25 years
Options	Three 5-year options or terms to be negotiated per bank request to funding of project, subject to legal limitations on maximum lease term for Port property.
Rent	
Annual Minimum	$200,000 per year
Monthly Minimum Rent During Construction	$5,000
Percentage Rent/Rent Credits	**EITHER** - percentage rent of 3.00% of gross receipts (less sales tax) versus minimum rent, and no rent credits - **OR** - percentage rent of 6.25 % of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits for verifiable hard construction and design and engineering costs, not to exceed $6 million. Rent credits shall be taken only in the first fifteen years after commencement of the lease.
Minimum Rent Escalations	10% every 3 years
Premises	20,000 square foot site, as shown in RFP; 12,000 square foot building footprint at ground floor not to exceed 17 feet in height
Condition of Site	Grading: Site to be graded by the City consistent with Waterfront Transportation Project drawings R-35, R-36, R-37, R-38 (approved by the City Engineer on 12/12/97 and attached to this Exhibit), at no cost to tenant. Utilities: Utility hookups to be provided by the City to the Embarcadero, at no cost to tenant. Remediation of Hazardous Materials – Port and the Tenant shall share any costs associated with soils remediation or cleanup on a 50/50 % basis, provided that the total costs of the remediation or cleanup does not exceed $100,000. Any additional costs shall be subject to further negotiation between the Tenant and the Port. Tenant's share of cost is recoverable as a rent credit on terms to be negotiated.

City Requirements	Tenant will comply with all City requirements, including Non-Discrimination in Contracts and Property Contracts, Tropical Hardwood and Virgin Redwood Ban, City Business with Burma Prohibited, MacBride Principles - Northern Ireland, Tobacco Products Advertising Ban, San Francisco Integrated Pest Management Program, Employee Signature Authorization Ordinance and First Source Hiring Initiative.
Completion Guarantor	To be identified.

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

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MINUTES OF THE REGULAR MEETING
FEBRUARY 9, 1999

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:04 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - January 26, 1999 Special Meeting
- January 26, 1999 Regular Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the January 26, 1999 Special Meeting were adopted.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the January 26, 1999 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

1) Blue Ribbon Task Force – The task force will be issuing a draft report on Wednesday, February 17. The report will be a visionary document that will guide ferry service in the next century. Members of the Commission and the public are invited to attend the meeting at City Hall, hosted by Mayor Brown.

2) Pier 24 Annex – On February 1st, the Port received one proposal for the Pier 24 Annex project. The proposal is from Metropolis Partners and Polatnick Properties to develop a restaurant and retail mixed-use project. Port staff is reviewing the proposal and will report back to the Commission.

3) Customer Services Plan – Last year, Supervisor Gavin Newsom requested that each City department develop a customer services plan. The Port has developed a customer services plan including a customer services policy. Alumni Resources will provide staff training commencing in March through May. The training will highlight the information provided in the City's customer services policy. Patty Peters is the instructor, who has over 20 years of experience designing and presenting customized training for agencies such

as Caltrans, Hewlett Packard, Kaiser Permanente and other private, State and local governmental agencies.

4. MAITIME

A. Approval of amendment of Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. (Resolution No. 99-11)

Mr. Peter Dailey, Director of Maritime, requested the Commission's approval of a five-year lease amendment to Lease # L-11320 between the Port and San Francisco Drydock, Inc. (SFD).

Ship repair is one of San Francisco's oldest industries. Ships have been repaired at Pier 70 for over 130 years. Twenty years ago there were 7 full service yards in San Francisco Bay; today, there is only one left.

San Francisco Drydock, Inc. is the Port's largest maritime customer and a major source of jobs for skilled union workers in San Francisco. In December 1987, the Port entered into a thirty-year lease (L-11320) with Southwest Marine, Inc. for the operation of the shipyard facilities at Piers 68/70. In 1993, Southwest assigned the lease to San Francisco Drydock, Inc.

Every five years, the lease requires the Port to implement a rent increase based on changes in the Consumer Price Index. At the time of such review in 1993, SFD was experiencing a dramatic downturn in business caused by the relocation of military bases away from the Bay Area and a decrease in their traditional core government contract and defense business. SF's tradition of ship repair was being threatened. Rather than risk closing the shipyard, the Port allowed SFD to downsize its total acreage and reduce the rent. These actions resulted in an increase in SFD's ability to attract non-military work by allowing them to use and pay for only that portion of the facility essential to competing for commercial business among the cruise ship, container, and tanker fleets.

The 1994 Amendment has proven successful as SFD's average annual revenues have stabilized. The 1994 Amendment was set to expire in December 1997, and the original 1987 lease granted SFD the right to renegotiate the adjusted monthly rent for the remaining term or be allowed to unilaterally terminate the lease if an agreement was not reached with the Port. Further complicating the issue is that in August 1997 SFD was acquired by the Carlyle Group, a private merchant bank located in Washington, D.C., and restructured as SWM Holdings, Inc. In order to allow the new owners time to organize, assess, and prepare to compete among West Coast yards, expiration of the 1994 Amendment was extended.

SFD's new ownership, however, recognized that the downsized leasehold and the facility's aged condition limited SFD's ability to compete coastwise with most repair yards and to grow their business, and contended that the lease terms required review. They also recognized that while the Port's efforts to assist SFD with

transitioning to a commercial work base had been successful since 1994, the solution for future growth lies in creating expansion space inside of the leasehold; in achieving operational efficiencies by upgrading and preserving the facility's cranes, buildings, and drydocks through a series of capital improvement projects; and in keeping the rent comparable to other West Coast ship yards.

The burden of undertaking the necessary upgrades required both the Tenant and the Port to agree on total leasehold space essential for growth and on the prioritizing of yard facilities to be improved, and to this end Port staff and SFD held a series of meetings assessing the complete situation. The facility-driven issues that impede SFD's ability to compete are:

1. 1989 earthquake damage still pending FEMA funding approval that has forced closure of a large administrative office building and required SFD to erect temporary office trailers in a prime and central location in the yard previously used for materials lay-down-space that is again required for the efficient distribution of repair materials and supplies to the work sites; and

2. accelerating deterioration of the Port's Drydock 1, a 60-year old steel structure that is required for conducting nearly 30% of SFD's business. These drydocks are Port assets; and

3. the generally poor and aged condition of the infrastructure, much of it being more than 100 years old.

Consequently, both the Port and SFD developed an agreed upon capital improvement plan that will renovate these Port assets and address these issues over a five-year term. The funding mechanism for this is designed to be through collaborative contributions between the Tenant and the Port, and includes estimated contributions of $1,975,000 on SFD's part, and $1.3 million from the Port. Of this $1.3 million, Port staff has identified $1.1 million available among supplemental funding reserved by the Board of Supervisors for earthquake related repairs within the Pier 70 area. Port staff also recommends an additional $200,000 in rent credits be applied over the amendment's five-year term, for a total of $1.3 million. At the same time, the Port is also in the process of appealing for FEMA funding of $3.1 million to retrofit and refurbish the condemned administrative office building. In the event that the FEMA appeals process is successful, the Board of Supervisors would not need to release the $1.1million of supplemental funding.

These improvements will increase the value of important Port assets such as our Drydock #1 and #2, which is in dire need of significant improvements, refurbishment of building 104 which allow SFD to move their administrative offices from portable trailers for the first time since 1989; environmental upgrades, repair of sinking sections of Piers and deck. These improvements will improve Port assets and improve SFD's ability to compete.

In addition to addressing the facilities issues, the rent level needs to be maintained at a level comparable to competing West Coast ship yards. Port staff therefore recommends reducing the rent to an average of $1 million per year over five years from the current average of $1.1 million per year. This would establish rent at a level that equates to about 11¢ per square foot per month. A similar yard at San Diego is under lease for 10¢, and a better-equipped yard at Portland is being leased for 12¢ per square foot.

Port staff has negotiated a restructured lease arrangement that is acceptable to SFD. Its fundamental components consist of (a) expanding the leasehold by approximately 8% to include an administration building, warehousing, and a parking area; (b) committing the tenant to complete capital improvements as planned and agreed; and (c) reducing the rent to a level comparable to other West Coast ship yards. This amendment will be retroactive to December 17, 1997 and end December 16, 2002, at which time the terms and conditions of original lease L-11320 will apply. Should the Port gain control of lands at Hunter's Point, the Port and San Francisco Drydock (SFD) have agreed to revisit the terms and conditions of the lease on or near December 17, 2000.

Mr. Dailey introduced the Carl Hansen, the President of San Francisco Drydock. Mr. Hansen indicated that this facility has been a shipyard and has been in operation continuously for 130 years. They appreciate the partnership with the Port of San Francisco for the last 21 years and hoped that it would last another 21 years. The 1994 amendment ensured their survival and allowed them to continue their growth. With this new amendment, it would take them to the next level, which would provide continued employment for 100 skilled union workers (55% are minorities). It would allow SFD to be competitive with their West Coast competitors, Oregon and Seattle. It would allow them a permanent home, which freezes up valuable space for staging the type of work they do at the shipyard. It would improve the Port's asset value. There will be continued revenue for the Port of San Francisco and tax revenue for the City. He thanked the following Port staff for their cooperation: Doug Wong, Peter Dailey, and Gerry Roybal. He then introduced Mike Kapowski, business manager for Local 6, who represents part of SFD's workforce.

Mike Kapowski indicated that they represent the majority of the SFD workers. They are extremely supportive of this issue and would like to see its continued success. They have worked with Mr. Hansen and have established a good relationship with their company.

Commissioner McWilliams indicated that Exhibit B identifies capital improvements approved for reimbursement on rent credits. If other improvements are identified at a later date, he inquired if this particular lease has to be reopened to accommodate the additional improvements. Mr. Dailey replied that SFD and Port staff have spent considerable amount of time identifying the areas that need to be addressed; however, if there are additional areas, staff would be able amend the agreement to ensure that those improvements are covered.

Commissioner McWilliams commented about the management of the yard and the competition on the coast. Some of the competitions are non-union and the playing fields have to be leveled. Because of the superior management skills of SFD, they have attracted work, which has a significant impact on the community. The industrial jobs have an impact on the whole community and touched many people throughout the Bay Area and increased our standard of living. He thanked SFD for their efforts and contributions to the Port and the labor community. He thanked Mr. Hansen for his continued commitment.

Legal Counsel Neil Sekhri clarified that the agreement provides for payment of rent credits for the items listed in Exhibit B. Should there be other items not included in Exhibit B, SFD can approach the Port and request for consent of the items; the agreement need not be amended.

Commissioner Hardeman echoed Commissioner McWilliams comments. He complimented SFD and Carl Hansen for exerting the effort to keep those jobs in San Francisco.

Commissioner Brandon asked for the status of the FEMA funding. Mr. Kutnick, Director of Finance and Administration, replied that the Port has requested FEMA for a response to the Port's request made a year ago. FEMA responded that it would issue a response by February 15. Port staff and its consultants will continue to put pressure on FEMA. Commissioner Brandon inquired where the additional $200,000 would come from should the FEMA money not materialized. Mr. Dailey clarified that the FEMA money is $1.1 million and the $200,000 is for rent credits. Mr. Kutnick indicated that Port staff has set aside money for earthquake repairs and it is earmarked for this purpose. Commissioner Brandon asked who would be doing the contracting work. Mr. Hansen responded that it would be a combination of outside contractors or their own workforce but would try to use their own workforce as much as possible because it would help them maintain a more stable work level. Commissioner Brandon asked if the HRC standards would apply to the contracting work that would be done outside of their workforce. Mr. Hansen replied that they intend to utilize HRC standards as it is covered in their lease.

Commissioner McCarthy thanked Carl Hansen and Port staff for all their efforts in negotiating the lease.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-11 was adopted.

5. REAL ESTATE

A. Authorizing the Executive Director to enter into a Letter of Intent between the Port and the Pan Pacific Expo, Inc. for Pier 50 and Seawall Lot 339 for purposes of staging an International Exposition. (Resolution No. 99-05) **THIS ITEM WAS**

CONTINUED TO THE NEXT MEETING.

Mr. Philip Smith, Director of Real Estate, indicated that the Bay Area Pan Pacific Expo, Inc. ("Organizer') proposes to hold an international exposition, which will attract numerous international, domestic and corporate exhibitors who will develop and operate high quality exhibits. The projected cost of the Expo is approximately $223 million. The Organizer wishes to locate the Expo on all of Pier 50 with existing improvements thereon, including areas currently under lease to third parties or used by the Port for its own operations. The Organizer wishes also to expand the site, to include: (1) the currently leased areas of Pier 54 and all of Pier 52, along with adjacent upland areas and existing improvements on Pier 52 and 54; (2) upland areas abutting Terry Francois Blvd. and (3) additional Port property, as yet unidentified, for parking.

The term of the exclusive right to negotiate shall begin on February 1, 1999 and end July 31, 2000. The term may be extended once for a six (6) month period beginning August 1, 2000 and ending January 31, 2001.

The Organizer shall pay the Port the sum of One Hundred Fifty Thousand Dollars ($150,000) as a negotiating fee in the amounts and at the times specified:

A. Twenty-five thousand dollars ($25,000) payable on execution of this letter agreement.
B. Twenty-five thousand dollars ($25,000) payable on or before August 1, 1999;
C. Fifty thousand dollars ($50,000) payable on or before April 1, 2000; and
D. Fifty thousand dollars ($50,000) payable on or before July 31, 2000.

The Organizer shall provide to the Port in the amounts and at the times specified evidence of financing for the Expo: (1) in cash or in the form of a letter of credit or equivalent security from a reputable institutional lender based in the United States, or of international stature, in the form and amount acceptable to the Port, in its reasonable discretion, or (2) in the form of other debt financing or financing commitments (including, by way of example only, sponsorship agreements, licensing agreements, concession agreements, exhibitor agreements, and the like) in the form and amount acceptable to the Port in its sole and absolute discretion.

A. On or before August 1, 1999, evidence of financing in an amount not less than two million dollars ($2,000,000);
B. On or before April 1, 2000, evidence of financing in an amount not less than fifteen million dollars ($15,000,000), including the amount from (A) above;
C. On or before July 31, 2000, evidence of financing in an amount not less than twenty five million dollars ($25,000,000), including the amounts from (A) and (B) above.

On or before April 30, 1999, Port agrees: (1) to meet and discuss in good faith with the Organizer the potential inclusion in the Site of all of Pier 52, (subject to the condition of site), the Mission Bay Uplands, all of Pier 54, together with all

adjacent upland areas and improvements on those Piers and the Mission Bay Uplands, all subject to existing tenant rights and other applicable agreements or contracts; and (2) to identify and discuss in good faith with Organizer the potential inclusion in the Site of Port - owned property which could accommodate parking for the Expo, subject to existing and proposed uses and tenant rights.

The parties acknowledge that certain regulatory reviews and approvals are required for the project. These approvals may include, by way of example only, approvals from the Bay Conservation and Development Commission, environmental review by the San Francisco City Planning Department's Office of Environmental Review pursuant to the California Environmental Quality Act, the Army Corps of Engineers, United States Coast Guard, Regional Water Quality Control Board, and the Port, in its regulatory capacity.

The Port will not approve or enter into any final lease for the site which will allow for its development until complete compliance with the California Environmental Quality Act (CEQA). The Port intends, through exclusive negotiations, to identify the actions and activities that would be necessary to develop the Site and thereby facilitate meaningful environmental review. If the project is found to cause significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (A) modify the project to mitigate significant adverse environmental impacts, (B) select feasible alternatives which avoid significant adverse impacts of the proposed project, (C) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (D) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

Immediately upon execution of this letter by Port and Organizer, the Organizer shall take expeditious and good faith steps to consult on a continuing basis with interested community groups regarding its plans for the Expo, and to promptly advise the Port in writing of such efforts and groups' responses to Organizer's plans. The community groups shall include, without limitation, the: (1) Rincon-South Beach Citizens Advisory Committee, (2) Potrero Hill Neighbors Association, (3) Southern Waterfront Advisory Committee, and (4) Friends of Islais Creek.

Mr. Smith indicated that the Expo group met with the Southern Waterfront Advisory Committee last night. The advisory committe would like to see a committee formed of interested groups that the Port Commission designates as part of the Expo planning. The group will participate with the planning and report back to the Commission for approval. Mr. Smith also acknowledged that staff received letters from Corinne Woods and the California Sealift Company expressing their opposition to the project.

Richard Smith, General Manager of Westar Marine Services, indicated that Westar is a woman-owned small business providing tugboats, barge and water taxi services to the marine industry. They have been in San Francisco for 23 years and currently

provide work to over 60 employees, the majority of whom belong to the Masters Mates and Pilots Union. They are deeply concerned over the rumors and stories that the Port may allow the Pan Pacific Expo to be held at Pier 50. Westar has a 10 year lease with the Port and do not intend to relocate. Moving their company would create disruption to their marine industry customers, employees and their business. Westar was located at Pier 46B from 1976 to 1997 and were evicted by the Port to accomodate the construction of the new baseball stadium. They were forced to move without any assistance or compensation from the Port which resulted in business disruption and losses. They find it disappointing that the Port is willing to consider the lure of a promotion rather than support the hard working companies that currently provide union employment in the San Francisco marine industry. He urged the Commission to find another location to conduct this expo, one that would not severely affect an existing thriving marine business.

John Super, a Port tenant and representing Bayview Boat Club, Mariposa Hunters Point Yacht Club, indicated that the Bayview Boat Club has been at the China Basin location since 1963. They represent the private sector, the people that use the Pier 52 boat launch. This is the only place in the City where the private sector can launch their boat. Non-profit clubs in the area will be shut out completely. Traffic will be horrendous. They are against this proposal. UCSF is not going to appreciate having the construction held up by trucks moving in and out and being blocked by the Expo. There will be parking problems. He asked the Port to find another place for the Expo.

Dick Millet, President of the Potrero Hill Boosters Neighborhood Association and a member of the Waterfront Plan Advisory Committee, indicated that it is too soon for the Port to issue a letter of intent without having public hearings. He believes it is inappropriate to write any letters of intent for any activity that dislodges any maritime activities on the waterfront. In the Waterfront Plan, Bethlehem shipyard was identified as a designated area of opportunity that might be considered as an alternative site which would move the traffic away from the ballpark, from Catellus and from UCSF. City streets will not be able to handle the additional traffic. The Expo project is not a well thought out project. It is a crime to do anything that boots out water related uses. The Port already has problems building a small public boat launch area.

Ray Shipway, Masters, Mates and Pilots Union representing Westar Marine, indicated that Westar is surprised about this project and is concerned about how it will adversely impact their operation. They are very concerned about a letter of intent without any input from the maritime community.

Alexander Lukon, sole proprietor of San Francisco Scattering at Sea, indicated that they are dependent on the public boat launch. Without it, they will be out of business. To have affordable burials at sea, they need a boat ramp.

R.C. McKnight, from Safe Harbor Distribution and a Port tenant for 32 years, indicated that has been at Pier 50 for a year and a half and has three and a half

years left on his lease. He opposed the Expo project and asked for the Commission's support.

Steve Rudolph, Rudolph Commercial Interiors, indicated that this is the only public access in the Bay Area for San Francisco residents. He has been in business in San Francisco for ten years and a Port tenant for 4 years. They have provided maritime services for the Muni project at Pier 80 and worked with several Port tenants. They employ approximately 50 employees. They were originally located at Pier 48 but were relocated to Pier 50 after the fire and to move out of Pier 50 would be costly for them. He urged the Commission to consider the tenants at Pier 50 and their track record. The tenants will be there long after the expo is gone. He asked the Commission to consider the burden at hand and not risk on something that is speculative.

Jennifer Clary, Board of Directors for San Francisco Tomorrow and member of the Alliance for Clean Waterfront, asked the Commission to not vote on this resolution today because it would be more appropriate to hold public meetings prior to taking a vote. She asked the Commission to amend the resolution to state that they would consult with certain public organizations to make this a collaborative effort rather than meet with organizations and apprise them of the plan. She wondered at what point in the process will the Port perform an analysis of the impact on the maritime industry. As a member of the Alliance for Clean Waterfront, she was also concerned about the impact of 15,000 people on the new developments. She inquired when the Commission is going to pinpoint what the assets are to the Port. Since the Port is requesting tenants to relocate, which would impact the maritime industry, Ms. Clary asked what the benefits to the Port would be.

Shellie Walker, member of the Bayview Boat Club and resident of the Bayview Hunters Point, indicated that a lot of things are happening that is going to impact their community (projects such as the PacBell Park, 3COM Park, Mission Bay, Catellus, UCSF, the proposed light rail system and now the Expo). She requested the Commission not to vote on this item until they look into it further. She asked the Commission what will be done with regard to sewage in the area. An additional 50,000 people to the 46,000 people proposed at PacBell Park would be a problem. Traffic and transportation will also be a problem in this area. She asked if PPE would be willing to get together with the Ballpark Transportation Coodinating Committee. There are also toxic remediation problems; she asked if PPE is going to take care of those things. Stormwater and runoff is something that needs to be considered as well and wondered if PPE will do additional paving. The organizers of PPE have stated that if a portion of the future Mission Bay open space is used, the improvements could be left in place. Ms. Walker indicated that any open space improvements on Catellus property must comply with the design for development documents for the Mission Bay redevelopment; she asked if PPE will be able to comply. If PPE participates in funding from ferry and water taxi service, it will relieve some of the congestion on the road. The Third and Fourth Street bridge need to be opened 24 hours a day and available for use.

Art Blum, representing PPE, indicated that after listening to the tenants' comments they too are equally concerned. Last night, they met with the Southern Waterfront committee who spoke about environmental issues and they share their concerns as well. Mr. Blum commented that it is difficult to do anything that is noble or anything that is slightly grandiose or jobs producing. They have been working on the Expo concept for over three years and through the courtesy of the Executive Director and Port staff, they have settled upon a site that would do a wonderful job. The Expo is going to create between 2500-3500 jobs. The Expo will not be a county fair; it will showcase the economic and cultural benefits of San Francisco. San Francisco is a world-class City and this would be a world-class exposition. They need the letter of intent to move forward and meet with various community groups to get their input. At last night's meeting, Anne Len from the Golden Gate University came up with great ideas on resource conservation. They intend to have a follow-up meeting with her group in the next couple of weeks. It is their intention to interact with members of the community and work with the Port tenants as well. They believe that the Expo will be tremendous for San Francisco and everybody will benefit in the long run. They are scheduled to meet with various citizens advisory groups in the next few weeks and are prepared to work with each tenant to resolve the problems together. He besieged everyone to hold their fire and allow them to get the letter of intent. The Port has developed an MOU in such a way that if PPE does not hold up their end, they will be out of the picture. Holding up their end means working with each and everyone. He asked the Commission for the opportunity to do so.

Commissioner McWilliams asked how long would this project take Pier 50 out of maritime resource. Mr. Smith replied that the letter of intent is for a two-year period. The project itself will take approximately 18 months; the Expo will run for a six-month period. However, the letter of intent would stop the Port from doing any additional leasing be it maritime, retail or anything else. During the period of the letter of intent, the Port can enter into licenses, short-term leases or any other type of agreement. However, we cannot, in any way shape or form, exceed the period of the letter of intent. We cannot have the agreement go beyond the 2001 period. The term of the Expo would be anywhere from 18 months to 2 years.

Commissioner McWilliams inquired about the Port's Maintenance office located at Pier 50. Since the Expo group will relocate them, he asked if there are any accommodations to relocate them back when the Expo is over. Mr. Smith replied that the Port would negotiate with the Expo Group to relocate those people to other areas. It is unclear to him that in the way that the letter of intent is currently worded that PPE would have an obligation to relocate them back. Port staff will certainly negotiate of relocating them back to their original site.

Commissioner Brandon indicated that the summary has a lot of discrepancies. Mr. Smith responded that Items 1 through 4 and the subsequent paragraph on page 2 should have been substituted with the items that he read on the record which are also found on the letter of intent.

Commissioner McCarthy indicated that it is not that she does not support the notion of the Expo but it concerns her that the amount of space has increased dramatically and will have tremendous impact. She asked how many leases are involved on Pier 50. Mr. Smith responded he is not exactly sure how many leases at Pier 50 are going to be affected. He believes there are approximately 25 to 40 leases, many of which are short-term leases (month-to-month lease), which means the Port would be able to terminate the lease on a 30-day notice.

Commissioner McCarthy indicated that Mr. Blum mentioned about the number of jobs the Expo will create but she's concerned that nothing was mentioned on how many jobs are going to be affected by this disruption. With the Commissioners support, she asked that this item be continued to the next meeting.

Commissioner McWilliams commented that because it does take the pier out of maritime resource and affect maritime jobs, he would vote against this item if he had the opportunity now. However, he was open to further discussions.

Mr. Smith indicated that the type of analysis that the Commission is alluding such as the number of existing jobs that will be disrupted and their revenues, etc. would be done by the entity that would be taking on the obligation of moving into those spaces. However, Port staff will endeavor to do it. He also noted that this is time sensitive for the Expo group; they are adamant that unless this is approved today that they would not be in a position to go forward.

Commissioner McCarthy indicated that she realizes that the letter of intent does not commit the Port in any way, shape or form and that negotiations have to take place. However, it could be misleading to assume that the PPE Group could move forward and raise the money while at the same time, displacement of tenants will occur, which the Commission does not favor. Mr. Smith responded that a non-binding letter of intent does not commit the Commission but the Commission is in a position to negotiate the lease document in good faith.

Legal Counsel Noreen Ambrose clarified what constitutes good faith. The tenants should be comforted to know that in this agreement, in terms of the Port's obligation in future good faith negotiations, it is specifically recited that any letter of intent is subject to the existing leases. The Port is not representing that it is going to use its power to condemn those leases. Instead, the Port has no obligation to undertake efforts to negotiate with the tenants either directly or indirectly on behalf of the Expo. The Port has no responsibility for relocating tenants. If the Expo group wants to negotiate with the tenants and persuade them to relocate, notwithstanding their leases, the Port will take that into consideration. The letter of intent is essentially telling the Expo group that the Port will not enter into new leases with anyone else that would be inconsistent with the future use of this property. During the time period that this letter of intent is in effect, the group has to raise and pay the Port certain amounts of money. After the Expo group meets with the tenants and community organizations, the Expo group and Port staff for a four-month period will meet to figure out if we have the site in which an Expo

could be staged.

Commissioner Hardeman concurred with Commissioner McCarthy's comments about the groundswell and the potential of the number of tenants to be displaced. He also concurred with Commissioner McWilliams' comments with regard to the Port being maritime first. He will always err in the side of maritime. He would rather not vote no today but to continue this item to the next meeting.

Commissioner McCarthy directed staff to: (1) report back on the number of affected leases; (2) number of years remaining on the leases; (3) number of jobs that will be affected; and (4) the affect on our maritime resource. Commissioner Brandon also asked staff to report back on the comments/concerns from the community groups the Expo group will be meeting with.

Commissioner Lee indicated that Legal Counsel has reiterated that all tenants' lease agreements are protected and the developer will negotiate with the tenants. He wanted to ensure that the tenants are protected while at the same time does not want to see the developer walk away.

Mr. Smith reiterated the Commission's request: (1) the number of leases affected; (2) the number of jobs affected; (3) the time remaining on those leases; (4) term of the leases; (5) affect on the Port's maritime resources; (6) solicit from the Expo groups any comments they garner from the CACs prior to the next meeting; (7) obtain from Expo another site location that would not be so intrusive.

Commissioner Hardeman thanked Mr. Smith for all his efforts in putting the report together.

ACTION: Commissioner Hardeman moved approval to continue this item to the next meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

A. Approval of 1999/2000 Operating Budget. (Resolution No. 99-06)

Mr. Ben Kutnick, Director of Finance & Administration, requested Commission's approval of the 1999/2000 Operating Budget. He indicated that the proposed revenue budget of $44.3 million for Fiscal Year 99/00 is a $5.5 million increase (14%) over the prior fiscal year. A 36% increase in cargo revenues is based on additional rent revenues of $682,000. Ship Repair revenue is projected to decrease $200,000 as the new agreement being negotiated with S.F. Drydock will not

include percentage rent. Cruise revenue is anticipated to increase by $201,300 primarily because Princess Cruises and Crystal Cruises will have homeported vessels in San Francisco resulting in an additional $250,000 in net revenue. Other marine revenues are projected to increase $527,000 from FY 98/99 budget primarily because of the addition of a full year of dockage from seven MARAD lay berth ships. Commercial and industrial rents are projected to increase $2,553,141 primarily due to new leasing activity. The Southern Waterfront has experienced the bulk of the Port's new leasing activity. FY 99/00 parking revenue is projected to increase $1,463,000 over the FY 98/99 budget. The removal of parking meters and stalls in the Ferry Building for the Mid-Embarcadero Roadway Replacement Project, combined with removal of other lots in the City near the Embarcadero and continued demand for parking, has resulted in additional temporary use parking lots and increased rents from recently bid parking lots.

The proposed FY 99/00 expense budget of $43.4 million is a $5.5 million increase (15%) over the prior fiscal year. The major changes in the FY 99/00 expense budget over the prior fiscal are in salaries and benefits, other current expenses, materials and supplies, capital outlay and facilities maintenance as a result of the following:

- Salaries & Benefits are projected to increase $1,756,351 (10%) as a result of the following additional incremental expenses:
    - Ten new positions
    - Sixteen reclassified positions
    - Temporary salaries
    - Overtime
    - Adjustments, MOU, step, etc.
    - Fringe benefits

Commissioner McCarthy mentioned that Mr. Kutnick and his staff briefed the Commissioners regarding the budget.

Commissioner McWilliams indicated that the maritime business plan should be revised to be consistent with the strategic plan specifically related to the Passenger Services Act. Mr. Kutnick indicated that Commissioner McWilliams was referring to the business plan for the Maritime Department, which mentioned the Passenger Services Act, as well as the Strategic Plan. He assured Commissioner McWilliams that staff would make the change before it is finalized to make it consistent with the plan.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-06 was adopted.

B. Approval of 1999/2000 Capital Plan. (Resolution No. 99-07)

Ms. Stephanie Downs, Finance Manager, requested Commission's approval of the FY 1999/000 Capital Plan. She indicated that the plan provides Port funding in the amount of $7,626,574 for capital projects. The plan will fund $6,150,093 in new projects identified by staff and $1,476,481 in previously approved but unfunded projects. The 1999/00 Capital Plan will be funded out of the Port's unappropriated operating fund balance. This is the first time in ten years that the Port has this much money in the unappropriated fund balance to be able to finance the Port's capital projects. The funded projects are:

- Portable Fender System
- Dredging
- Pier 48 Fender and Deck Repair
- Rasterize Engineering Drawings
- Pier 1 Furniture, Fixtures and Equipment
- Pier 35-Roof (Gutters & Leaders), Support Column Repairs & Gangway Repair
- Pier 27/29 Sewer Main, Water Main and Backflow
- Pier 9 Roof Replacement, Water Main
- Agriculture Building Fire Escape and Corridor
- Pier 24/26/28 Electrical Transformer
- Pier 50 Sprinklers
- Bike Lane – Terry Francois Blvd.
- Pier 43 Arch Substructure
- Mid-Embarcadero Stormwater Control
- Fisherman's' Wharf Pollution Prevention Project
- Pier 38 Roof Replacement
- Pier 45C Development Design
- Pier 50 - Wafum Lathe, Poreba Lathe

Projects Previously Approved but Unfunded:

- Scoma's Seawall Repair
- Pile Driver/Pile Barge
- 50 Ton Crane
- Pier 28 Roof Replacement
- Pier 26 Water Main Replacement
- Pier 50 Water/Sewer Pipes

There are 19 new unfunded projects that were also included in the plan. Staff will seek Commission's approval before issuing request for bids for all outside contracts as well as for any other unfunded projects.

Jennifer Clary indicated that the San Francisco City Charter requires that a six-year capital plan be submitted. She wondered if the Port has a six-year capital plan and if the revenues to be generated from the proposed new developments are included in

the capital budget planning. Stephanie Downs responded that the Port has a 5-year capital plan, six years including the 99/00. It takes into account the Port's six-year projection in terms of the financial statement projection that was done for the rating agencies. Mr. Kutnick added that the yearly projection Port staff put together for the rating agencies does not include revenues from development projects unless a lease is signed. Development projects have not enough certainty and Port staff does not count on development projects for projected monies.

Jennifer Clary requested, if at all possible, that a copy of the Port Commission agenda be mailed a day earlier.

Commissioner Hardeman commented that the amount allotted for the Pier One Furniture, Fixtures and Equipment item is low. As Pier One will soon-to-be the new Port's administrative offices, he hoped that staff would not hesitate to seek Commission's approval for more funds to make Pier One a friendly and comfortable environment to all employees.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-07 was adopted.

C. Authorization to award contract to Koch Financial Corporation to finance the lease purchase of maintenance equipment. (Resolution No. 99-08) **THIS ITEM WAS TAKEN OFF CALENDAR.**

9. CONSENT CALENDAR

A. Approval of a five-month lease with Ryan Engineering, Inc. for storage space located in Marginal Wharf 65. (Resolution No. 99-09)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-09 was adopted.

B. Approval of Amendment to Exclusive Right to Negotiate with Nice Adventures, Inc. for the Rincon Park Restaurant. (Resolution No. 99-10). **THIS ITEM WAS CONTINUED TO THE NEXT MEETING.**

10. NEW BUSINESS / PUBLIC COMMENT

Jennifer Clary indicated that she received calls from the South Beach neighborhood regarding a large pile of dirt at the Giants stadium. They believe it is toxic and requested the Port to police the area and have the dirt covered.

Charlie Walker spoke about Pier 94/96 and Grosvenor Bus Lines intention to commit 300 jobs to the Bayview Hunters Point, the types of jobs that would be of great help to their community. He hopes that the Port and Grosvenor can come to an understanding as

rapidly as possible as they put together a comprehensive training program.

David Polatnick, representing Polatnick Properties, spoke about the Pier 24 Annex project. He indicated that Polatnick Properties, Metropolis Partners along with the Jefferson Company, submitted a response to the RFP for the Pier 24 Annex Building. He complimented Doug Wong and Port staff for their efforts in bringing this opportunity to the forefront. The renovation cost is projected to be over $5 million. They have tremendous experience on tough projects. One of their most recent projects includes the former fashion center at 8th and Townsend, which they transformed into a highly successful project. They have the financial capability to turn the Pier 24 Annex building into a successful world-class retail and entertainment project. The success of this venture involves the Port and the developer to work together. By doing so, they can bring the excitement of the waterfront to the citizens and visitors of San Francisco. He showed the Commission initial renderings of their vision of the structure. They plan to have an architect contest to bring out the innovation ideas of the building and look for creative ways for the public to access the waterfront.

Jim Jefferson, from the Jefferson Company, indicated that they are happy to be a part of this important project. They are totally committed to working with the principles to bring the project to fruition at the least possible time. The team is outstanding and has all the capabilities that the Commission requires to make this a stoic project that everyone can all be proud of.

Mary Bull, representing the coalition to end sweetheart deals between the City and the Fishers of Gap, Inc., read the enclosed statement for the record.

Mike Kenney, Vice President and General Manager of Coach USA, indicated that they are owners of Grosvenor Bus Lines and franchisees of Gray Line Tour. They operate a charter bus and sightseeing operation in the city. Last August, his predecessor submitted a proposal to the Port to lease Pier 96. Since that time issues have surfaced involving the proposed alleged contaminants in the soil which neither party would like to get involved with. The original lease had a requirement to not excavate more than 50 cu.yds. of dirt. Their operation to move would require an amount to be excavated significantly more than the required 50 cu. yds. because of fuel storage, water circulation and liquid/solid separation. They have asked for additional credits, which they hope the Commission would approve so they can stay in the City. They employ approximately 300-400 people a year. On an annual basis, they bring approximately 3 million people for sightseeing in the City. They are committed to job growth. Bayview Hunters Point has a good resource pool for employees. They are in need of 70-140 people per year to continue their growth. Their company has union employees. They need the Commission's support and acceptance of their request and the rental credits approved.

Janice Thacher, AMB Corporation, indicated that they have been working with Port staff over the past year on the redevelopment of Pier One. She gave the Commission an update of the process. In December, the building was listed in the National Register of Historic Places, which is facilitating the process. She is doing a tax credit project which they have been working with the Port to implement. They have filed the final negative

declaration. They have been meeting with the waterfront design advisory committee and have received approval for their schematic design. They have filed their BCDC application and met with the BCDC Design Review board and are in the process of meeting with BCDC staff. They are moving ahead with the entitlement process and their entitlements and design are on schedule.

Cathy Simon, SMWM, thanked Paul Osmundson, Kirk Bennett and Noreen Ambrose for their efforts and assistance on this project. The Port's administrative office space will located in the front of the building, a tenant to be situated in the middle is yet to be named and AMB will be located at the end of the building. The building has approximately 140,000 sq. ft. of office space. They have incorporated interesting public space in and outside of the building. They intend to keep all the historic features of the building. They are cutting new windows to make them usable for office space. They are keeping a major public entrance through the great portal on the Embarcadero, keeping the railroad tracks in place, bringing a public historic walkway through the building, out of the big door which gives a beautiful view of the Bay Bridge onto a raised apron along the south side of the building and an expanded apron and width along the east side of the building and keeping the two 20 foot wide walkway along the north side of the building, allowing it to access back onto the Embarcadero. Pier One Deli will remain at the same location. To the right of the public historic walkway will be a series of public meeting rooms which would open onto a big terrace facing on the Embarcadero, a tremendous public asset. They are very hopeful of getting the tax credits. The project will not only be enhanced on the inside but also from the standpoint of the exterior of the shell, the seismic work on the pier itself and the shell building. It will be a wonderful example of the Port of the future, of great new use with a lot of public resonance for this wonderful resource, right next to the Ferry Building and also the first in a number of piers that will be used in different exciting ways as we move into the 21st century.

Louis Belmonte with AMB Property Corporation indicated that this is the 75th development deal he has worked on in his career. This is the finest design and development team he has had the privilege of working with. They are a group of professionals and are proud to be working with them. He is confident that they will do the job that the Port would be proud of. He thanked Doug Wong, Paul Osmundson and Kirk Bennett for their professionalism, for their tough negotiation, spirit of reasonableness and general expertise with which they approach the project.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 6:05 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
AMB Property Corporation: Janice Thacher*

b. Property: Pier 24-½ (Pier 24 Annex)
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
Metropolis Partners, Inc.: David A. Agger*

c. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
Fog City Diner: Bill Upson*

d. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
Grosvenor Bus Lines: Rubin Glickman*

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case):

- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. FineLine Group, Inc.; FineLine Group, Inc. (cross-complainant) v. Bundox Restaurant, Inc. and Port of San Francisco et. al., San Francisco Superior Court No. 993-792

12. RECONVENE IN OPEN SESSION

At 7:45 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:45 p.m.

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NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, FEBRUARY 23, 1999 AT 4:00 P.M.
IS CANCELLED

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THE NEXT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, MARCH 9, 1999 AT 4:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. *Due to the Mid-Embarcadero construction, there is no accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Parking is available at Rincon (Spear between Mission & Howard), One Market Plaza (Spear between Market & Mission), Embarcadero Center 4 (Clay between Davis & Drumm) and 50 California Garage (Sacramento between Davis & Drumm).* Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

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Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

San Francisco Lobbyist Ordinance

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

SAN FRANCISCO PORT COMMISSION

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SPECIAL MEETING – PLEASE NOTE THE DATE/TIME OF THE MEETING
➔➔➔3:00 P.M., TUESDAY, MARCH 9, 1999←←←
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

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1. **ROLL CALL**

2. **NEW BUSINESS / PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Broadway Hotel Development Site (Seawall Lots 322-1, 323, and 324) Request for Qualification and Proposals
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager, Waterfront Development Projects
*Stanford Hospitality, Inc.
*Promus Hotel Corporation/Koll Development
*Tom Flowers Associates

An executive session has been calendared to discuss with the real estate negotiator responses to the Broadway Hotel RFQ/P and to review the selection process.

b. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
*AMB Property Corporation: Janice Thacher

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

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PORT COMMISSION

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MINUTES OF THE SPECIAL MEETING
MARCH 9, 1999

1. ROLL CALL

Commission Vice President Kimberly Brandon called the meeting to order at 3:05 p.m. The following Commissioners were present: Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee. Commissioner Denise McCarthy was not present.

2. NEW BUSINESS / PUBLIC COMMENT

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:06 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Broadway Hotel Development Site (Seawall Lots 322-1, 323, and 324) Request for Qualification and Proposals
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b. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager
Waterfront Development Projects
*AMB Property Corporation: Janice Thacher

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

4. RECONVENE IN OPEN SESSION

At 4:02 p.m., Commissioners Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in the executive session; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:02 p.m.

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M. TUESDAY, MARCH 9, 1999
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - February 9, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of five-year Marine Terminal Agreement with Maruba, S.C.A. (Resolution No. 99-13)

5. **REAL ESTATE**

   A. Approval of second amendment to and restatement of Lease Nos. L-12540 and L-12550 with West Coast Recycling, Inc. at Pier 96 (eastern foot of Cargo Way at Jennings Street). (Resolution No. 99-20)

6. **FACILITIES & OPERATIONS**

   A. Authorization to reject all bids for Construction Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities Project" and discussion of potential project alternatives. (Resolution No. 99-12)

7. **PLANNING & DEVELOPMENT**

   A. Recommendation on selection of respondents to invite to submit proposals for the Hotel Development Opportunity at Broadway and The Embarcadero. (Resolution No. 99-18)

   B. Adoption of Negative Declaration and approval of Development Agreement with AMB Property Corporation for the development of Pier One as a maritime office project. (Resolution No. 99-17)

NOTICE: This activity is within the scope of the Waterfront Land Use Plan program EIR previously approved by the Port Commission; the Final Waterfront Land Use Plan Environmental Impact Report, together with the Initial Study for the Negative Declaration for this project, adequately describe the project for purposes of CEQA.

C. Approval of revised schematic drawings and preliminary construction documents of the Pavilion Building at Pacific Bell Ballpark near Third and King Streets. (Resolution No. 99-14)

NOTICE: This activity is within the scope of the program approved earlier, and the program EIR adequately describes the activity for the purposes of CEQA. The San Francisco Giants Ballpark FEIR is both a project EIR and a program EIR under CEQA Guidelines Section 15180.

D. Authorization for the Executive Director to apply for, accept, and expend $196,000 in grant funds for "Embarcadero Promenade Pedestrian Improvements" and $50,000 in grant funds for the "Brannan Street Wharf" from the Metropolitan Transportation Commission. (Resolution No. 99-15)

E. Approval to issue Request For Proposals ("RFP") for graphic design services for the Fisherman's Wharf Interpretive Signage Program. (Resolution No. 99-16)

8. FINANCE & ADMINISTRATION

A. Authorization to award contract to Transocean Funding, Inc. to finance the lease purchase of maintenance equipment. (Resolution No. 99-08)

9. CONSENT CALENDAR

A. Approval to enter into Revised Exclusive Right to Negotiate with Nice Ventures Inc. for Redevelopment of the Rincon Park Restaurant. (Resolution No. 99-10)

B. Approval of Utility Conditions Permit with NEXTLINK, California, LLC for installation of Fiber Optic Telecommunication Cable within the public right of way, submerged lands of the Port and other lands of the Port. (Resolution No. 99-19)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
*Fog City Diner: Bill Upson

An executive session has been calendared to discuss real estate negotiations between the Port and Fog City Diner regarding the property located at 1300 Battery Street at the Embarcadero.

b. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
*Grosvenor Bus Lines: Rubin Glickman

An executive session has been calendared to discuss real estate negotiations between Port and Grosvenor Bus Lines regarding the property located at Pier 94/96.

c. Property: Francisco Bay Office Park
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*Stein Kingsley Stein: Lou Giraudo

An executive session has been calendared to discuss real estate negotiations between the Port and Stein Kingsley Stein regarding Port property located at Francisco Bay and Embarcadero.

d. Property: Pier 24-½ (Pier 24 Annex)
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Metropolis Partners, Inc.: David A. Agger

An executive session has been calendared to discuss entering into negotiations with the respondent of the Pier 24-½ (Pier 24 Annex)

e. Property: Port property located at Seawall Lots 321, 323, 324
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*Allright Cal, Inc.: Mr. Schmidt

An executive session has been calendared to discuss real estate negotiations between the Port and Allright Cal, Inc. regarding Port property located at Seawall Lots 321, 323, 324 (Embarcadero, Broadway and Green Streets).

f. Property: Pier 72 and Port-owned land adjacent to Potrero Power Plant
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*PG&E: Juan Jayo

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and PG&E regarding Port-owned property adjacent to PG&E's Potrero Power Plant.

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

February 16, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Brian McWilliams
Pius Lee

FROM: Douglas Wong
Executive Director

SUBJECT: **APPROVAL OF THE MARUBA S.C.A. MARINE TERMINAL AGREEMENT**

DIRECTOR'S RECOMMENDATION: APPROVE THE 5-YEAR MARINE TERMINAL AGREEMENT WITH MARUBA S.C.A. AT PIER 80 AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SEEK APPROVAL BY THE SAN FRANCISCO BOARD OF SUPERVISORS TO AMEND THE AGREEMENTS TO INCLUDE A MUTUAL INDEMNITY CLAUSE.

Effective December 1998, a new joint service was formed that included Mexican Line Limited (TMM/TMG), Columbus Line and Maruba s.c.a. Prior to joining the new joint service, Maruba s.c.a. ran their own South and Central American service calling at San Francisco for the past five years. The new joint service, however, will provide additional revenue for the Port through increased cargo volumes and vessel calls.

While all the carriers involved in the new joint service already call at the Port, the current contracts on file are being cancelled and reissued to reflect the new service structure and partnerships. The Port has concluded negotiations for a new five-year Marine Terminal Agreement with Maruba s.c.a., offering a joint service to and from Mexico, Central and South America. While they offer a joint service with the carriers mentioned above, they have elected to sign a separate Marine Terminal Agreement for their company.

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

Material provisions of the agreement include the following: (i) five year term, commencing on December 1, 1998 with the ability of either party to terminate as of each November 30th; (ii) reduced wharfage and dockage rates based on the total annual volume; (iii) nomination of Pier 80 as their regular published Bay Area port of call.

If Marine Terminals Corp. ceases operations at Pier 80, the Agreement also allows termination by either Port or Carrier if they are unable to reach agreement with a new management contractor.

The Agreement contains an indemnity Maruba s.c.a. agrees to indemnify Port and City for claims resulting from its acts or omissions at the facility. The Port's standard exculpation clause, under which the Carrier waives all claims against Port and City including claims due to Port on City's negligence, has been deleted from these Agreements pursuant to Maruba s.c.a.'s request. In addition Maruba s.c.a. has requested an indemnity from Port and City against claims caused by Port or City's negligence. The City's charter requires any indemnities by the City or Port to be approved by the Board of Supervisors. The Agreement provides that upon approval by the Board, parties will sign an amendment to the Agreements to include the Port and City's indemnity. If the Board disapproves the indemnity, Maruba s.c.a. may terminate their Agreements upon 30-days–prior written notice.

Estimated annual revenue for the agreements are approximately $490,000 from wharfage, dockage, and crane rental, which is to be shared with MTC per our management agreement with them. A copy of the agreement is attached hereto.

Prepared by: Peter A. Dailey, Director Maritime Services

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-13

WHEREAS, Maruba s.c.a. desire to enter into Marine Terminal Agreement(s) with the Port, for use of Port's marine terminal facilities; and

WHEREAS, said Agreement grants Maruba s.c.a. reduced dockage and wharfage charges for the utilization of the Carriers of Pier 80 as their regularly scheduled Northern California port of call; and

WHEREAS, the Agreement requires the parties to enter into an amendment to include an indemnity clause by Port and City in favor of Maruba s.c.a., upon the approval of the San Francisco Board of Supervisors; now therefore, be it

RESOLVED, that the San Francisco Port Commission approves the Marine Terminal Agreements with Maruba s.c.a., in substantially the form of which is on file with the Secretary of the Port Commission for this agenda item; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director (i) to enter into the Agreements, (ii) to make any necessary refinements to the Agreements as are approved by the City Attorney; (iii) to obtain approval from the Board of Supervisors to amend the agreements to include a Mutual Indemnity clause and to execute such amendment; (iv) to file the Agreements with the Federal Maritime Commission; and (v) to take all such further actions as are necessary to put the Agreements into effect.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

Secretary

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr., Mayor

MARINE TERMINAL AGREEMENT

BETWEEN

MARUBA S.C.A.

AND

THE CITY AND COUNTY OF SAN FRANCISCO,

A MUNICIPAL CORPORATION, ACTING BY AND THROUGH

THE SAN FRANCISCO PORT COMMISSION

DATED

December 1, 1998

SAN FRANCISCO PORT COMMISSION

DENISE McCARTHY, PRESIDENT
KIMBERLY BRANDON, VICE PRESIDENT
MIKE HARDEMAN, COMMISSIONER
BRIAN McWILLIAMS, COMMISSIONER
PIUS LEE, COMMISSIONER

DOUGLAS WONG
EXECUTIVE DIRECTOR

MARINE TERMINAL AGREEMENT

This non-exclusive Marine Terminal Agreement (the "Agreement") is entered into as of this first day of December, 1998 by and between the City and County of San Francisco, a municipal corporation ("City"), acting by and through the San Francisco Port Commission ("Port") and Maruba S.C.A., an Argentinean corporation ("Carrier").

WITNESSETH

WHEREAS, City owns certain property located in the City and County of San Francisco pursuant to an act of the legislature of the State of California commonly known as the "Burton Act" (Statutes 1968, Chapter 1333); and

WHEREAS, Pursuant to the Burton Act and the City's Charter, Port exercises jurisdiction and control over said property; and

WHEREAS, Carrier wishes to use a portion of said property which has been improved with a marine terminal for the purpose of moving waterborne cargo through the Port; and

WHEREAS, Port desires to have Carrier use the property for said uses, with ~~said~~ uses being consistent with the public trusts upon which the property is held;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, Port and Carrier agree as follows:

ARTICLE I. CARRIER'S TERMINAL RIGHTS

Section 1.01 Right to Use Facilities

Carrier shall have a non-exclusive right to use Pier 80, located at the Port of San Francisco in the City and County of San Francisco (the "Facilities") for the purposes set forth in Article III of this Agreement.

Section 1.02 Right to Transfer

If during the Term Port decides to move the location of its marine terminal to another location on Port property, Port shall give Carrier sixty (60) days prior written notice ("60-day Notice") of its decision. Carrier shall notify Port within thirty (30) days after receipt of Port's 60-day Notice, stating its decision to move to such alternative location, or its intent to terminate this Agreement. If Carrier decides to move to the alternate location, such transfer shall be embodied in an amendment to this Agreement which shall not be effective until filed with the Federal Maritime Commission and deemed effective under the Shipping Act of 1984. If Carrier decides to terminate the Agreement, such termination shall be effective upon the sixtieth (60th) day after

Port's 60-day Notice.

It is further understood that if Carrier agrees to move to the alternate Port location, and if the transfer involves a different terminal operator than the operator listed in section 5.01 under this Agreement, Carrier's notice may be conditional upon negotiating new terminal services arrangements with the new terminal operator. Carrier shall use its best efforts in good faith to negotiate new terminal service arrangements with the terminal operator at the new facility. If Carrier after such best efforts is reasonably unable to complete such terminal service arrangements, Carrier may terminate this Agreement on no less than thirty (30) days' prior written notice to the Port may. If Carrier is unable to conclude a new agreement prior to the expiration of Port's 60-day Notice, Port shall allow Carrier a reasonable extension of time to conclude its negotiations; provided, however, Port shall not be required to make the original marine terminal available to Carrier after the expiration of Port's 60-day Notice.

Carrier's failure to give notice as provided herein shall be deemed to be an acceptance of the new marine terminal location.

ARTICLE II. TERM

Section 2.01 Commencement of Term

The term of this Agreement shall commence on the first day of the month immediately following the occurrence of all of the following events (the "Commencement Date"):

(a) The filing with and approval of this Agreement by the Federal Maritime Commission, or effectiveness without approval pursuant to the Shipping Act of 1984, or a ruling by the Federal Maritime Commission that such approval is not required; and

(b) Approval of this Agreement by the San Francisco Port Commission.

Port will notify Carrier of the Commencement Date in writing when all of the approvals set forth above have been obtained, however failure to do so shall not affect the validity of this Agreement.

Section 2.02 Term Termination

This Agreement shall terminate five years from the Commencement Date, unless terminated earlier as provided for herein.

ARTICLE III. USE OF THE FACILITIES

Section 3.01 Permitted Uses

Carrier shall use the Facilities as its published regularly scheduled Northern California port of call for its service between the U.S. West Coast and Mexico, Central and South America for the berthing of Carrier's vessels and the loading and discharging of cargoes therefrom and

operations ancillary thereto, and for no other purposes.

ARTICLE IV. COMPENSATION

Section 4.01 When Tariff Provisions Apply

Except as expressly set forth in Section 4.02 below, the provisions of San Francisco Port Commission Tariff No. 4, publishing rules and regulations and rates and charges for wharfinger services at property used as marine terminals at the Port of San Francisco, and amendments and subsequent reissues thereof (collectively, "Tariff"), shall apply to Carrier's use of the Facilities pursuant to this Agreement. Carrier agrees to be bound by and comply with the provisions of the Tariff.

Section 4.02 Fees for Use

As consideration to Carrier for the use of the Facilities as Carrier's regularly scheduled Northern California port of call and for the additional cargoes handled at the facility by Columbus Line Central and South America Service, and Mexican Line Limited the following provisions shall govern the amount of dockage and wharfage due to Port from Carrier as a result of Carrier's use of the Facilities.

(a) Dockage:

Carrier shall pay 60% of the applicable tariff for dockage charges in effect on June 25, 1998 which would otherwise be due to Port pursuant to the provisions of the Tariff.

(b) Wharfage/Full Containers:

Wharfage on full containers shall be paid by Carrier according to the following schedule, base on annual throughput volume per twelve-month Contract Year (as hereinafter defined) of this Agreement:

Wharfage Rate - Containers

$45.00 per Unit for the first 5,999 Units per contract year
$30.00 per Unit for each additional Unit over 5,999 per contract year

(c) Wharfage on empty containers will be $0.00

(d) Wharfage/Breakbulk:

Breakbulk – General	$ 3.09 R/T
Breakbulk – Project Cargo	2.40 per 1000 Kgs

(e) Equalization/East Bay– An East Bay equalization trucking credit of $20.00 per unit will be granted for cargo originating or destined to East Bay points. The $20.00 will be credited against wharfage due upon presentation of documentation showing an East Bay point. The equalization is subject to a maximum of 50% of total annual volume.

(f) Free Time will be granted as listed below. It is agreed that this free time is

subject to approval of the carrier and will not be granted by the Port to any third party without prior approval:

General Cargo @ 15 days, Coffee and Wine @ 30 days

For the purposes of this section, a "Contract Year" shall commence on each December 1 and shall end on November 30 of the following year. Notwithstanding the Commencement Date, the first Contract Year of this Agreement shall be from December 1, 1998 to November 30, 1999.

Section 4.03 Rate Adjustments

Rates stated in Section 4.02 will be guaranteed for the life of the contract.

Section 4.04 Calculation of Initial Fees

Within ninety days after the Commencement Date, Port and Carrier shall mutually determine the fees due the Port under Section 4.02 above, calculated as if this Agreement had commenced on December 1, 1998. Any amount that Carrier paid Port which exceeds the amount which would have been charged under the preceding sentence will be refunded to Carrier after the Commencement Date.

ARTICLE V. MANAGEMENT OF FACILITIES

Section 5.01 Management Agreement

Carrier acknowledges and agrees that as of the Commencement Date, the responsibility of managing the Facilities has been assigned by Port to Marine Terminals Corp. (MTC) pursuant to that certain Management Agreement between MTC and Port dated December 1997.

ARTICLE VI. TERMINATION

Section 6.01 Termination by Governmental Action

In the event the United States of America or the State of California, or any other governmental authority, shall, by condemnation or otherwise, take title, possession or the right to possession of the Facilities, or any part thereof, Port may, at its option, and, if the taking has substantially impaired Carrier's use of the Facilities, Carrier may, at its option, terminate this Agreement as of the date of such taking, and all further obligations of the parties shall end, except as to liabilities which shall have accrued prior to the date of taking.

Section 6.02 Termination by Judicial Action

In the event any court having jurisdiction over the subject matter of this Agreement shall render a decision which has become final and which will prevent the performance by Carrier or Port of their obligations hereunder, then either party may terminate this Agreement upon thirty (30) days written notice, and all rights and obligations hereunder (with the

exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate.

Section 6.03 Right of Termination

Carrier shall have the right to terminate this Agreement without penalty effective on December 1, 1999 and on each December 1 thereafter throughout the Term (each "Termination Date"). Carrier must exercise such termination right by delivering written notice of termination from or to Port or Carrier at least sixty (60) days prior to the applicable Termination Date upon which Carrier desires to terminate. In the event Carrier fails to give timely notice, Carrier may not terminate this agreement until the following Termination Date with proper notice as set forth herein.

Section 6.04 Termination by Resignation of Terminal Contractor

In the event Management Contractor, as defined in Section 5.01, gives Port notice of its intention to cease operations at the Port, Port shall notify Carrier of such notice within ten (10) days. Port shall make its best effort to negotiate an agreement with a new management contractor. In the event Port is unable to successfully conclude such an agreement within sixty (60) days after receiving such notice from Management Contractor, the Port may, at its option, terminate this Agreement upon ninety (90) days prior written notice to Carrier, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrue prior to the effective date of termination) shall thereupon terminate.

It is further understood that if in such event a new management contractor is appointed other than defined in Section 5.01 under this agreement, Carrier shall use its best efforts in good faith to negotiate new terminal services arrangements with the new management contractor and if Carrier after such best efforts is reasonably unable to complete such terminal services arrangements, Carrier may terminate this Agreement on not less than sixty (60) days prior written notice to the Port.

ARTICLE VII. MISCELLANEOUS PROVISIONS

Section 7.01 Taxes

A possessory interest subject to property taxation may be created by this Agreement, and it is understood by the Carrier and the Port that the Port of San Francisco will be responsible for the payment of property taxes levied on such possessory interest. Carrier agrees to provide to Port all information requested by Port for tax purposes, including but not limited to the information described in California Revenue and Taxation Code Section 480.5.

Section 7.02 Books and Records

Carrier shall keep full and accurate books, records and accounts relating to all its operations upon the Facilities, including without limitation, the tonnage of revenue cargo handled, vessel occupancy of the berths and containers handled. Port shall have the right and

privilege through its representatives and at all reasonable times to inspect such books, records and accounts. If such books, records and accounts are not kept and maintained within a 25-mile radius of the City and County of San Francisco, Carrier shall make such books, records and accounts available for inspection within said 25-mile radius.

Section 7.03 Nondiscrimination

Carrier shall not, in the use of the Facilities, discriminate against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability or acquired immune deficiency syndrome (AIDS) or AIDS-related condition (ARC). The provisions of Chapter 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by this reference and made a part hereof as though fully set forth herein. Carrier agrees to comply with all provisions of Chapter 12C of the San Francisco Administrative Code which apply to Carrier's use of the Facilities pursuant to this Agreement.

Section 7.04 Hazardous Materials, Etc.

In addition to provisions in the Tariff governing discharge of oil upon navigable waters (Item 113) and explosives and other hazardous and dangerous cargo (Item 117), Carrier will comply with the labeling, packaging, storage and documentation requirements for hazardous materials contained in Title 49, Code of Federal Regulations Parts 100-195, United States Department of Transportation Regulations and the marine pollution regulations contained in Title 33, Code of Federal Regulations Parts 151-157, Navigation and Navigable Waters. The references to certain laws and regulations set forth above shall apply to any modification, re-issues or amendments to said laws or regulations. In addition, Carrier will report immediately all accidents involving spills of corrosives, explosives or other flammable or dangerous cargoes to the appropriate federal, state, local and Port authorities. As used in this Agreement, hazardous materials" shall mean any substance, waste or material which has been determined by any state, federal or local government authority to be a hazardous or toxic substance or material including without limitation, any hazardous substance as defined in Section 101 (14) of CERCLA (42 USC Section 9601 (14)) or Section 25281 or 25316 of the California Health and Safety Code, and any hazardous material as defined in Section 25501 of the California Health and Safety Code, and any additional substances or materials which at such time are classified or considered to be hazardous or toxic under any federal, state or local law, regulation or other exercise of governmental authority. If the presence of any hazardous material on the Facilities caused or permitted by Carrier results in any contamination of the Facilities, Carrier, at its sole expense, shall promptly take all action that is necessary to return the Facilities to the condition existing prior to the introduction of such hazardous material onto the Facilities; provided that Port approval of such actions shall first be obtained, which approval shall not unreasonably withheld as long as such actions could not potentially have any material adverse effect upon the Facilities. Carrier's obligations hereunder shall survive the termination of this Agreement.

Section 7.05 Exculpation and Indemnity

(a)Exculpation. Carrier, as a material part of the consideration to be rendered to Port, hereby waives any and all claims against the City and Port, and their officers, agents and employees, and agrees to hold Port and City and their officers, agents and employees harmless from any claims for damages to goods, wares, goodwill, merchandise, equipment or business opportunities and by persons in, upon or about said Facility for any cause arising at any time, including all claims arising from the joint or concurrent negligence of Port or City, or their officers, agents, or employees, but excluding any intentionally harmful acts committed solely by Port or City.

(b)General Indemnity. Carrier agrees to indemnify, hold harmless and defend, the City and Port and their officers, agents and employees, against any and all claims, judgments, losses, costs, damages, penalties, fines or liabilities of whatever kind (collectively "Claims") arising in any manner out of any injury to or death of any person or damage to or destruction of any property occurring in, on, under or about the Facilities, or any part thereof, whether to the person or property of Carrier, its employees, agents, consultants, contractors, or subcontractors (collectively "Agents"), or third persons, resulting from any use or activity of Carrier or its Agents under this Agreement, (ii) any failure by Carrier to faithfully observe or perform any of the terms, covenants or conditions of this Agreement, or (iii) the use of the Facilities or any activities conducted thereon under this Agreement by Carrier or its Agents; except only to the extent of Claims resulting directly from the negligence or willful misconduct of the City or Port or either's authorized representative.

(c) Toxics Indemnity. Carrier agrees to indemnify, hold harmless and defend the City and Port and their officers, agents and employees, from and against any and all claims, demands, actions, causes of actions or suit (actual or threatened), losses, costs, expenses, obligations, liabilities, or damages, including interest, penalties, diminution in value of the facilities, engineering consultant and attorneys fees of every kind, nature and description, (collectively "Toxics Claims") resulting from any Release of a Hazardous Material caused by or allowed by Carrier or its agents whether or not the Hazardous Materials at the Facilities were present prior to execution of this Agreement; (ii) any requirement of a regulatory agency for investigation or remediation of any Hazardous Materials at the Facilities arising out of or in connection with the activities under this Agreement; or (iii) any breach of or failure to duly perform or observe any term, covenant or agreement in this Agreement to be performed or observed by Carrier, including but not limited to, any violation of any Environmental Law; except only to the extent of Toxic Claims resulting directly from the negligence or willful misconduct of City or Port or either's authorized representative. "Environmental Laws" means present or future any federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Permit Area, including, without limitation, soil, air, bay water and groundwater conditions.

(d) The indemnity obligations in paragraph 7(b), 7(c) and 7(e) shall include reasonable attorneys' fees, investigation costs and all other reasonable costs and expenses incurred by the indemnified party from the first notice that any Claim or Toxics Claim is or may be made. The provisions of this paragraph shall survive termination of this Agreement.

(e) Parties agree that subject to the approval of the Board of Supervisors of an indemnity by Port and City in favor of Carrier, the parties will enter into an amendment to this

Agreement substantially in the form of Exhibit A attached hereto. If the indemnity is not approved by the Board of Supervisors, then Carrier will have the right to terminate this Agreement upon thirty (30) days prior written notice to Port, to be delivered to Port no later than ten days after the action by the Board of Supervisors disapproving the indemnity.

(f) In addition to Carrier's obligation to indemnify and hold harmless the City and Port, Carrier specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City and Port from any Claim or Toxics Claim which actually or potentially falls within the indemnification provisions of paragraph 7(b) or 7(c), even if the allegations are or may be groundless, false or fraudulent. Carrier's obligations to defend shall arise at the time such Claim or Toxics Claim is tendered to Permittee by City or Port and shall continue at all times thereafter.

Section 7.06 Compliance with Laws.

Carrier, at Carrier's expense, shall comply with all laws, ordinances, judicial decisions, orders and regulations of federal, state, county and municipal governments and the departments, courts, commissions, boards and officers thereof pertaining to Carrier's use of the Facilities in effect either at the Commencement Date or at any time during the term.

Section 7.07 Notices

Any notice, demand or request provided for or permitted to be given pursuant to this Agreement must be in writing and shall be given or served by personal delivery or sent prepaid by either: (a) first-class mail; (b) certified mail with return receipt requested; or (c) overnight delivery service.

Notices shall be addressed as follows:

To Port:
Executive Director
Port of San Francisco
Ferry Building, Suite 3100
San Francisco, CA 94111

To Carrier:
Maruba s.c.a.
100 W. Broadway, Suite 6001
Long Beach, CA 90802
Attn: Gonzalo Alonso

Section 7.08 Waiver.

No waiver by either party at any time of any of the terms, conditions, covenants or provisions of this Agreement shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant or provisions herein contained nor of the strict and prompt performance thereof by the party obligated to perform.

Section 7.09 Applicable Law

This Agreement shall be governed by the laws of the State of California.

Section 7.10 Severability

Should any of the covenants, terms, conditions or provisions set forth in this Agreement be held by a court of competent jurisdiction to be illegal or in conflict with any applicable law, the validity of the remaining portions or provisions shall not be affected thereby.

Section 7.11 Amendments

Neither this Agreement nor any of the terms or conditions hereof may be amended, modified or waived, except by an instrument in writing signed by both Carrier and Port and approved by the Federal Maritime Commission if said approval is required.

Section 7.12 Assignment

Carrier may not assign, convey, encumber, or otherwise transfer (collectively "Transfer") this Agreement without the prior written consent of Port, not to be unreasonably withheld. Notwithstanding the foregoing, the term "Transfer" shall not include any partnership, corporation or other entity which controls, is controlled by, or is under common control with Carrier or Carrier's parent (control being defined for such purposes as ownership of at least 50% of the equity interests in, or the power to direct the management of, the relevant entity) or to any partnership, corporation or other entity resulting from a merger or consolidation with Carrier or Carrier's parent, or to any person or entity which acquires substantially all the assets of Carrier as a going concern (collectively, an "Affiliate"), provided that (i) Port receives prior written notice of an assignment, (ii) the Affiliate has proven experience in the operation of the uses contemplated by this Agreement, (iii) the Affiliate remains an Affiliate for the duration of the balance of the term in the event of an assignment, (iv) the Affiliate assumes (in the event of an assignment) in writing all of Carrier's obligations under this Agreement, and (v) Port receives a fully executed copy of an assignment agreement between Carrier and the Affiliate.

Section 7.13 Successors

Subject to the provisions of Section 7.12 above, this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Port and Carrier.

Section 7.14 MacBride Principles-Northern Ireland.

The City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

Section 7.15 Tropical Hardwood Ban.

The City and County of San Francisco urges Carrier not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood product.

Section 7.16 Tobacco Products Advertising Ban. Carrier acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or non-profit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.
//

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first written above.

PORT

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting
by and through the SAN FRANCISCO
PORT COMMISSION

By:____________________________
Name: Douglas Wong
Title: Executive Director

Date Executed:____________________

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

By:____________________________
Deputy City Attorney

PORT COMMISSION RESOLUTION

No.____________________________

By:____________________________
Secretary
PORT COMMISSION

FMC No.________________________

CARRIER:

Maruba s.c.a., an Argentinean Corporation

By: ______________________________
Name:
Title:

Date Executed: ______________________

I have read and understood paragraph 7.14 the City's statement ~~urging~~ — companies doing business in Northern Ireland to more towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

EXHIBIT A

FIRST AMENDMENT TO MARINE TERMINAL AGREEMENT

This First Amendment to the non-exclusive Marine Terminal Agreement (the "First Amendment") is entered into as of this ______ day of __________, 1998 by and between the City and County of San Francisco, a municipal corporation ("City"), acting by and through the San Francisco Port Commission ("Port") and Maruba S.C.A., an Argentinean corporation ("Carrier").

WITNESSETH

WHEREAS, Port and Carrier have previously entered into a Marine Terminal Agreement (the "Agreement") dated December 1, 1998; and

WHEREAS, the parties desire to amend the Agreement to include an indemnity from Port and City in favor of carrier as approved by the Board of Supervisors Resolution ________.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and terms set forth herein, Port and Carrier agree as follows:

1. Indemnity

Section 7.05 of the Agreement, entitled "Exculpation and Indemnity's is amended to add the following clause:

"Port and City agree to indemnify, defend and hold Carrier, its vessels, owners or agents harmless from and against any and all losses, expenses, claims, actions or liabilities to the extent the same is caused by the negligence or willful misconduct of Port or City".

IN WITNESS WHEREOF, the parties hereto have entered into this First Amendment as of the day and year first written above.

PORT	CARRIER
CITY AND COUNTY OF SAN FRANCISCO, A municipal corporation, acting by and through the SAN FRANCISCO PORT COMMISSION	Maruba s.c.a., an Argentinean Corporation
By: ______________________ Name: DOUGLAS WONG Title: Executive Director	By: ______________________ Name: Title:
Date Executed: ______________	Date Executed: ______________

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

BY: ______________________
Deputy City Attorney

FMC No. ______________________

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

March 9, 1999

TO: MEMBERS, PORT COMMISSION
Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Second Amendment to and Restatement of Lease No. L-12540 and Lease No. L-12550 at Pier 96 (Eastern foot of Cargo Way at Jennings Street)

DIRECTOR'S RECOMMENDATION: Approve Second Amendment to and Restatement of Leases with West Coast Recycling, Inc.

BACKGROUND

West Coast Recycling, Inc. a wholly owned subsidiary company of Norcal Waste Systems, Inc. ("West Coast") currently leases 197,516 square feet of Shed space at the Pier 96 Lighter Shed and 107,320 square feet of Paved Yard space for a waste paper/dry fiber (cardboard, newsprint, sheet paper, etc.) plastics and metal recycling facility pursuant to Lease No. L-12540 and 3,713 square feet of Office space at the Pier 96 Administration Building pursuant to Lease No. L-12550. A site plan of the leased premises is attached as Exhibit A. The five (5) year term of the existing leases commenced on August 1, 1998 and will expire on July 31, 2003.

Because of the level of expenditure required to convert the former Lighter Shed into a modern efficient recycling facility, West Coast is requesting a longer term lease. In return for the longer term lease of this maritime facility, West Coast is prepared to guarantee minimum container throughputs at Port of San Francisco container terminals. The Port Maritime staff believes that the minimum level of container throughputs as set forth in the lease will result in a 30-40% increase over current outbound Port container handling activity.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

Over 250 jobs will be created at the Pier 96 facility, over a hundred of which will be incremental to West Coast's and Norcal's current work force.

The need for this recycling and maritime transshipment center is accentuated by the State of California mandate (A.B. 939) that the City and County of San Francisco achieve a fifty percent (50%) recycling recovery ratio for waste products generated within its jurisdiction by the end of 1999. Norcal Waste Systems, Inc., the corporate parent of West Coast., through its subsidiary companies, Western Scavenger, Sunset Scavenger and Golden Gate Scavenger, has the exclusive right to collect garbage and trash in the City and County. Accordingly, West Coast Recycling, Inc. is the only feasible operator of a recycling and maritime transshipment center designed to achieve the State's recycling mandates in the City and County of San Francisco.

Pursuant to Port Commission Leasing Policy adopted August 22, 1979 and as subsequently amended by subsection 10 of Resolution 80-95 adopted on September 10, 1980, the Port may enter into leases with a prospective West Coast without competitive bid when competitive bid is impractical or impossible and when the property is to be used for maritime purposes.

PROPOSED USE

The facility would receive pre-sorted deliveries of "dry" recyclables from West Coast is affiliated company's commercial and curb side recycling programs. These recyclables would be further sorted and compacted in the Pier 96 Lighted Shed where they would be loaded into 20 and 40 foot ocean shipping containers.

Given availability of space on cargo vessels calling at the Port of San Francisco Container Terminal at Pier 80, these loaded containers would be shipped to the recycling process centers in the Far East and, possibly to North and South American ports, including some United States domestic ports. To the extent that space is not available on container cargo ships calling at the Port of San Francisco, these loaded containers will be transferred by barge or other vessel from Pier 80 to other Bay Area ports for shipment to their ultimate destination.

In both instances, the containers will be loaded on cargo vessels utilizing stevedores, longshoreman and clerks working at the Port of San Francisco.

To ensure that a significant portion of the containers loaded in the Pier 80 facility actually are loaded aboard cargo vessels at Port of San Francisco container terminals, the agreement calls for severe economic penalties if minimum container through-put numbers are not achieved. The agreement also will provide for economic incentives if West Coast Recycling achieves container through-put movement in numbers well beyond the minimum number of "required" moves.

Port staff believes that the proposed use of the Pier 96 Lighted Shed and adjacent Paved Yard affected by the proposed lease will not have a significant negative impact on the Port's ability to use Pier 94, 96 as a container or bulk materials handling facility. Additionally, Port staff believes

that the sourcing of containerized base cargo on Port property may enhance the Port's ability to attract cargo carriers serving recyclable processing centers in the Far East.

Over 75,000 TEU's (twenty foot equivalent units) container units of recyclable waste paper was exported through West Coast ports in the three month period, January - March 1996 (Source: Journal of Commerce, June 10, 1996. This number represented a precipitous decline from 1994 and 1995 numbers due to a softening of market demand in Asia. However prices and exports have been rising slowly since June of 1996. While acknowledging that the demand for recyclable waste paper is cyclical, even the ebb numbers represent a significant portion of United States foreign exports. In fact, recyclable waste paper and fiber represents the United States' single largest export commodity in terms of the number of metric tons and container units. West coast ports handled nearly 2.8 million metric tons of waste paper exports in 1995.

Concurrent with this request for a twenty (20) year extension of Lease No. L-12540, West Coast Recycling Co. is requesting a five (5) year extension of Lease No. L-12550 for 3,713 square feet of Office Space in the Pier 96 Administration Building.

Port Commission Policy requires Port Commission approval of Leases of over five (5) years in length.

The terms of the proposed Amendments to and Restatement of Leases are discussed below:

PROPOSED AMENDMENT TO AND RESTATEMENT OF LEASE NO. L-12540.

Premises:	197,516 square feet of shed and outbuilding space and 107,320 square feet of Paved Yard at Pier 96.
Use:	Delivery, sorting, compaction, containerization (loading shipping containers), storage and transshipment of recyclable, paper, cardboard, fiber, plastic, metal and other dry waste products, for transport by ocean going vessels, truck and rail, vehicle storage, employee parking and directly related general administrative functions and for no other use.
Term:	Twenty five (25) years - amending the original five (5) year term, commencing August 1, 1998 and terminating July 31, 2023.
Rent:	$69,986. 80 per calendar month ($839,841.60 per year)
Rent Adjustment:	(A) Annually per Consumer Price Index (CPI) (B) Every five (5) years to then existing market rent for similarly scheduled Port properties.

MARITIME COMMITMENT: West Coast acknowledges that the Pier 96 Container Terminal is a Port maritime facility and is designed to accommodate the shipment from and receiving of containerized cargo by or from water borne vessels including without limitation container ships, cargo liners, barges and other cargo vessels. Adjunct to its function as a container terminal, the Pier 96 Container Terminal Facility is designed to be used for the sourcing of cargo, loading and unloading of containers, storage of containers pending delivery to cargo vessels or to their inland point of destination and the breaking down of bulk (non-container) cargo.

It is the intention of Port and West Coast that the recyclable materials to be collected, processed and loaded into containers on the Premises by West Coast will be shipped out of Port of San Francisco facilities by container shippers, cargo liners, bulk carriers, barges or other cargo vessels calling at Port facilities and thereby provide Port with additional revenues from the dockage fees, wharfage fees, crane rental fees and railroad switchage fees directly attributable to the containers and other cargo generated by West Coast. Additionally, Port is anticipating that the City and County of San Francisco and the entire San Francisco Bay Area Region will benefit from the jobs to be created by West Coast's use of the Premises and its shipment of containerized and/or bulk cargo from Port facilities.

Accordingly, as material consideration for Port's agreement to accept as rent the Base Rent set forth in Section 1.3, West Coast agrees to ship from the Port of San Francisco the following minimum number of twenty foot equivalent container units ("TEU's") during the term of the Lease:

By the end of the Third Lease Year:	4,800 TEU's per year;
By the end of the Fifth Lease Year:	5,700 TEU's per year;
By the end of the Tenth Lease Year	7,600 TEU's per year.

There shall be no minimum shipment requirements for the first and second Lease Year.

If during any Lease Year, West Coast fails to meet the minimum level of container shipments from Port of San Francisco facilities, West Coast shall have one Lease Year to make up said deficiency for the previous Lease Year in addition to meeting the minimum requirement for the current Lease Year. In the event West Coast does not make up the deficiency for the previous Lease Year within such twelve month cure period, West Coast shall pay to Port a Maritime Deficiency Fee equal to the twice wharfage fees and twice crane rental fees that would otherwise have been attributable to the number of TEU container units constituting the deficiency.

The actual wharfage fee to be used to calculate any Minimum Deficiency Fee will be the wharfage fee set forth in Section 42 as may be periodically adjusted by Port.

The crane rental fee to be used to calculate any Maritime Deficiency Fee shall be the actual crane Rental Fee published in the then current Tariff of Port.

By way of example only, if during the fourth Lease Year, West Coast ships only 2,800 TEU container units from Port of San Francisco facilities, West Coast's deficiency for the fourth Lease Year would be 2,000 TEU container units. West Coast would then have one Lease Year to make up the deficiency without otherwise affecting West Coast's obligation to ship 5,700 TEU container units during the fifth Lease Year. If West Coast ships only 6,700 TEU container units through Port of San Francisco during the Fifth Lease Year, West Coast would owe to the Port a Maritime Deficiency Fee equal to the amount that Port would have received from the wharfage fees and crane rental fees otherwise attributable to the number of TEU container units comprising the remaining deficiency. In this example, the fourth Lease Year Continuing Deficiency equals 1,000 TEU container units:

Fourth Lease Year Deficiency	< 2,000>
Fifth Lease Year Shipments	< 6,700>
Fifth Lease Year Minimum	< 5,700>
Fourth Lease Year Continuing Deficiency	1,000

If the wharfage fee during the fourth Lease Year attributable to the continuing deficiency is $45.00 per 40 foot container (2 TEU container units); and the crane rental fee is $500.00 per hour, and the Port cranes maintain a sixteen 40 foot container (2 TEU container units) per hour capacity, the Maritime Deficiency Fee would be $152,000.

A. 1000 (Fourth Lease Year Continuing Deficiency). 2 (40 foot container equivalent) x $45.00 (wharfage fee per 40 feet container) = $22,500.00; plus

B. 1000 (Fourth Lease Year Continuing Deficiency). 2 (40 foot container equivalent) ÷16 (average 40 foot container crane capacity) x $500.00 (Crane rental fee) = $15,625.00

C. Total Maritime Deficiency Fee equals A ($22,500.00) plus B ($15,625.00) x 2 or $76,250.00

By way of further example only, if during the fifth Lease Year, West Coast ships only 4,700 TEU container units through Port of San Francisco facilities, the Maritime Deficiency Fee for the fourth Lease Year would be $152,500.00 and West Coast would have one Lease Year to make up the fifth Lease Year Deficiency of 1,000 TEU container units.

Not less than thirty (30) days following the end of each Lease Year, West Coast shall deliver to Port a written statement indicating the number of TEU container units generated by West Coast and shipped by West Coast through Port of San Francisco facilities during the preceding Lease Year and the amount of any deficiency, if any.

If West Coast ships more than the minimum number of TEU container units through Port of San Francisco facilities during any one lease year, the numbers of such excess TEU container units can not be used to cure the deficiency for other than the previous Lease Year.

The imposition of a Maritime Deficiency Fee for any one Lease Year may be waived by Port upon application to Port by West Coast and upon receipt by Port of evidence reasonably acceptable to Port that there were no container slots available for shipment to West Coast's market on cargo liners, container ships and/or bulk carriers calling on Port of San Francisco facilities and that the cost to transfer containers by other barge and/or other vessels to Port facilities in other jurisdictions on the San Francisco and San Pablo Bays would be greater than the Maritime Deficiency Fee that would otherwise be payable to Port or that the United States Domestic Market for the recyclable products sorted and loaded into containers or other suitable vehicles by West Coast in the Premises would generate higher profit levels to West Coast. In the event of such a waiver, the Maritime Deficiency fee that would have otherwise been payable to Port would be reduced by one half.

Within 30 days after Port's receipt of West Coast's request for a waiver of the Maritime Deficiency Fee accompanied by West Coast's evidence that West Coast was unable to cure the previous Lease Year's container shipment deficiency due to the fact that there were not enough container slots available on all forms of cargo vessels serving the Port's in the San Francisco and San Pablo Bay region or that the cost to procure such slots rendered such shipment uneconomic when compared to the sale of West Coast's recycled products on the Domestic Market, Port shall either (1) grant the waiver in writing or (2). In no event may an individual waiver by Port be made for other than the Lease Year next preceding the application by West Coast for such relief.

If during any Lease Year, West Coast shall generate more than the minimum TEU container requirement for that Lease Year and provided further that West Coast has not generated a container deficiency for the preceding Lease Year, West Coast shall be entitled to a rent credit equal to one half the actual wharfage and crane rental fees received by Port and directly attributable to the shipment of containers loaded on the Premises and shipped through Port of San Francisco facilities during that same Lease Year.

PROPOSED AMENDMENT TO AND RESTATEMENT OF LEASE NO. L-12550

Premises:	3,713 square feet of Office space in the Pier 96 Administration Building
Use:	General Administrative Offices
Term:	Ten (10) years – amending the original five (5) year term, commencing August 1, 1998 and terminating July 31, 2008
Rent:	$4,244.00 per calendar month ($50,928.00 per year) ($1.15 p.s.f.) net, net.
Rent Adjustment:	Annually per Consumer Price Index (CPI)

ENVIRONMENTAL CLEARANCES

All requirements of the California Environmental Quality Act (C.E.Q.A) have been met. The Office of Environmental Review (O.E.R.) of the San Francisco Planning Department has determined that this project is "Categorically Exempt" and is also within the Port's general rule exclusion, so there is no need for further environmental review. A copy of the "Notice/Certificate of Determination of Exemption/Exclusion from Environmental Review" is attached as Exhibit B.

RECOMMENDATION

Port staff recommends approval of the Amendments to and Restatements of Leases Nos. L-12540 and L-12550 on the terms and conditions outlined above.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-20

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, West Coast Recycling., a wholly owned subsidiary company of Norcal Waste Systems, Inc. ("West Coast") has leased property from the Port at Pier 96 and in the Pier 96 Administration Building for the development of a waste paper/dry fiber, plastics, and metal recycling, sorting, loading and maritime transshipment facility; and

WHEREAS, West Coast, through its corporate parent, Norcal Waste Systems, Inc. and its other operating subsidiaries has the exclusive right to collect San Francisco's garbage and trash, from which the recyclable products to be loaded and shipped are sorted; and

WHEREAS, West Coast has requested a twenty (20) year extension of Lease No. L-12540 and a five (5) year extension of Lease No. L-12550 to facilitate the reasonable amortization of its investment into the recycling facility being developed at Pier 96; and

WHEREAS, in consideration of such extensions, West Coast has agreed to certain minimum through puts of containerized cargo generated at the Pier 96 recycling facility through the Port of San Francisco's container terminals; and

WHEREAS, the proposed use of the Pier 96 Lighter Shed and adjacent Paved Yard and administrative offices as a waste paper/dry fiber, plastics and metal recycling, sorting, loading and maritime transshipment facility is consistent with the Seaport Plan; and

WHEREAS, it is the determination and finding of the Port Commission that West Coast is the only feasible operator of a waste paper/dry fiber, plastics and metal recycling, sorting, loading and maritime transshipment center serving the citizens of the City and County of San Francisco; and

WHEREAS, it is the finding of the Port Commission that West Coast's use of the Pier 96 facilities affected by Leases No. L-12540 and L-12550 as a dry paper/fiber, plastics and metal recycling, sorting, loading and maritime transshipment center would be maritime in nature; and

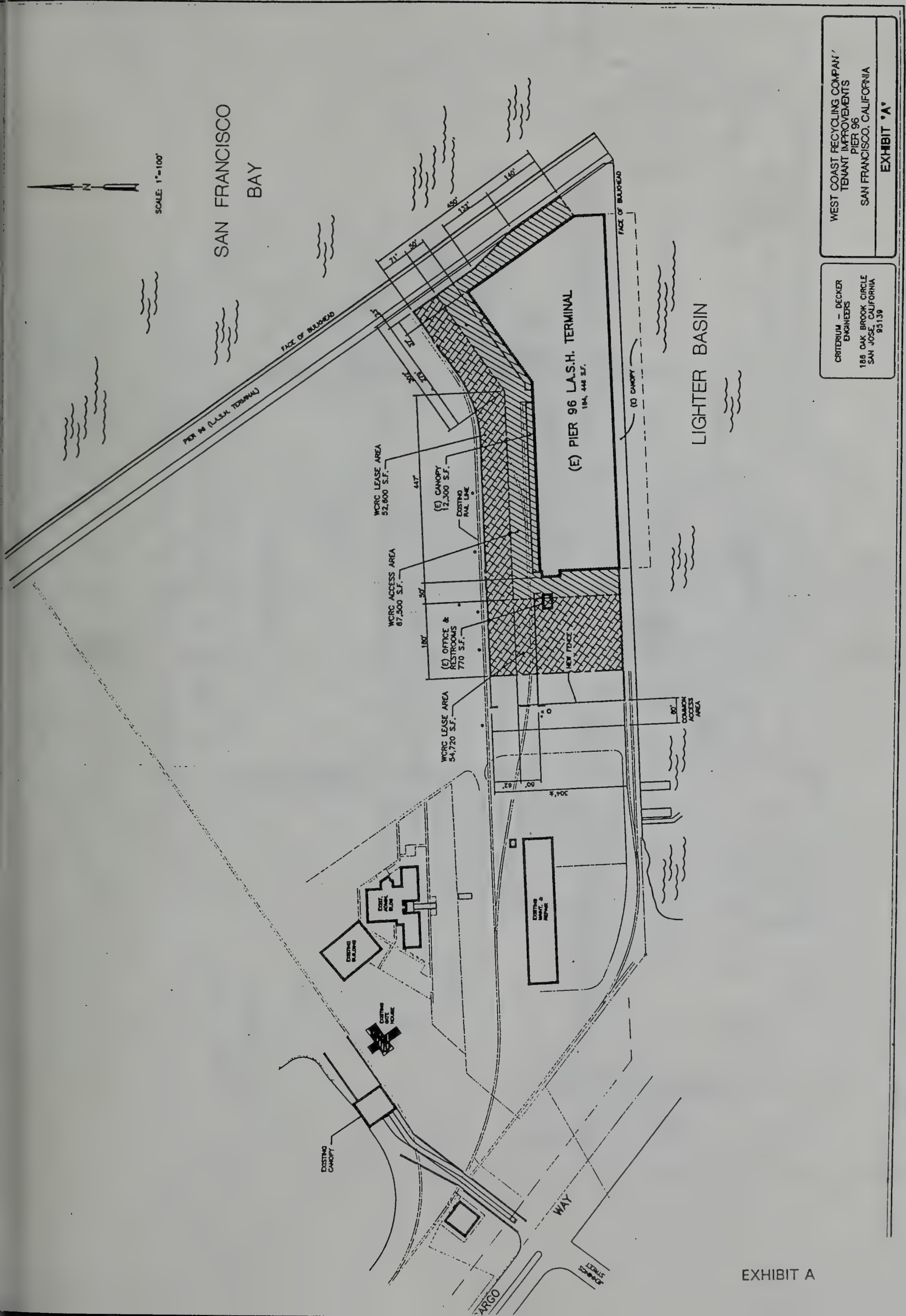
WHEREAS, the Port Commission has reviewed the Notice of Exemption, dated July 21, 1998, from the City Planning Department, which found that the use of the Pier 96 facilities affected by Lease No. L-12540 and L-12550 as a dry paper/fiber, plastics and metal recycling, sorting, loading maritime transshipment center is categorically exempt, based upon the operation, repair, maintenance, or minor alteration of existing facilities involving no or negligible expansion of use, and based upon a conclusion that the proposed project would not result in significant adverse effects upon the environment, from California Environmental Quality Act (CEQA) review under the Port's general rule exclusion; now, therefore be it

RESOLVED, that the San Francisco Port Commission, hereby approves the Amendment to and Restatement of Lease No. L-12540 and the Amendment to and Restatement of Lease No. L-12550 with West Coast Recycling Co. for a paper/ dry fiber recycling, sorting, loading and maritime transshipment center and administration offices at Pier 96 upon the terms and conditions as set forth in the Memorandum of Agenda Item 5 A for the March 9, 1999 Port Commission Meeting, and authorizes the Executive Director to take all such further action, in consultation with the City Attorney, to implement the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

____
Secretary

G:\WP51\AGENDAS\WestCoastRecycling L-12540\ND\vw\3/3/99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N
SAN FRANCISCO BAY
LIGHTER BASIN
PIER 96 (L.A.S.H. TERMINAL)
FACE OF BULKHEAD
FACE OF BULKHEAD
(E) PIER 96 L.A.S.H. TERMINAL
184, 446 S.F.
(E) CANOPY
WCRC LEASE AREA
52,800 S.F.
(E) CANOPY
12,300 S.F.
EXISTING RAIL LINE
WCRC ACCESS AREA
67,500 S.F.
(E) OFFICE &
RESTROOMS
770 S.F.
WCRC LEASE AREA
54,720 S.F.
NEW FENCE
COMMON ACCESS AREA
80'
447'
50'
180'
71'
50'
56'
132'
140'
204'
122'
60'
62'
304'±
EXISTING ADMIN. BLDG.
EXISTING BUILDING
EXISTING GATE HOUSE
EXISTING MAINT. & REPAIR
EXISTING CANOPY
CARGO
WAY
JENNINGS STREET

WEST COAST RECYCLING COMPANY
TENANT IMPROVEMENTS
PIER 96
SAN FRANCISCO, CALIFORNIA

EXHIBIT "A"

CRITERIUM – DECKER
ENGINEERS
188 OAK BROOK CIRCLE
SAN JOSE, CALIFORNIA
95139

EXHIBIT A

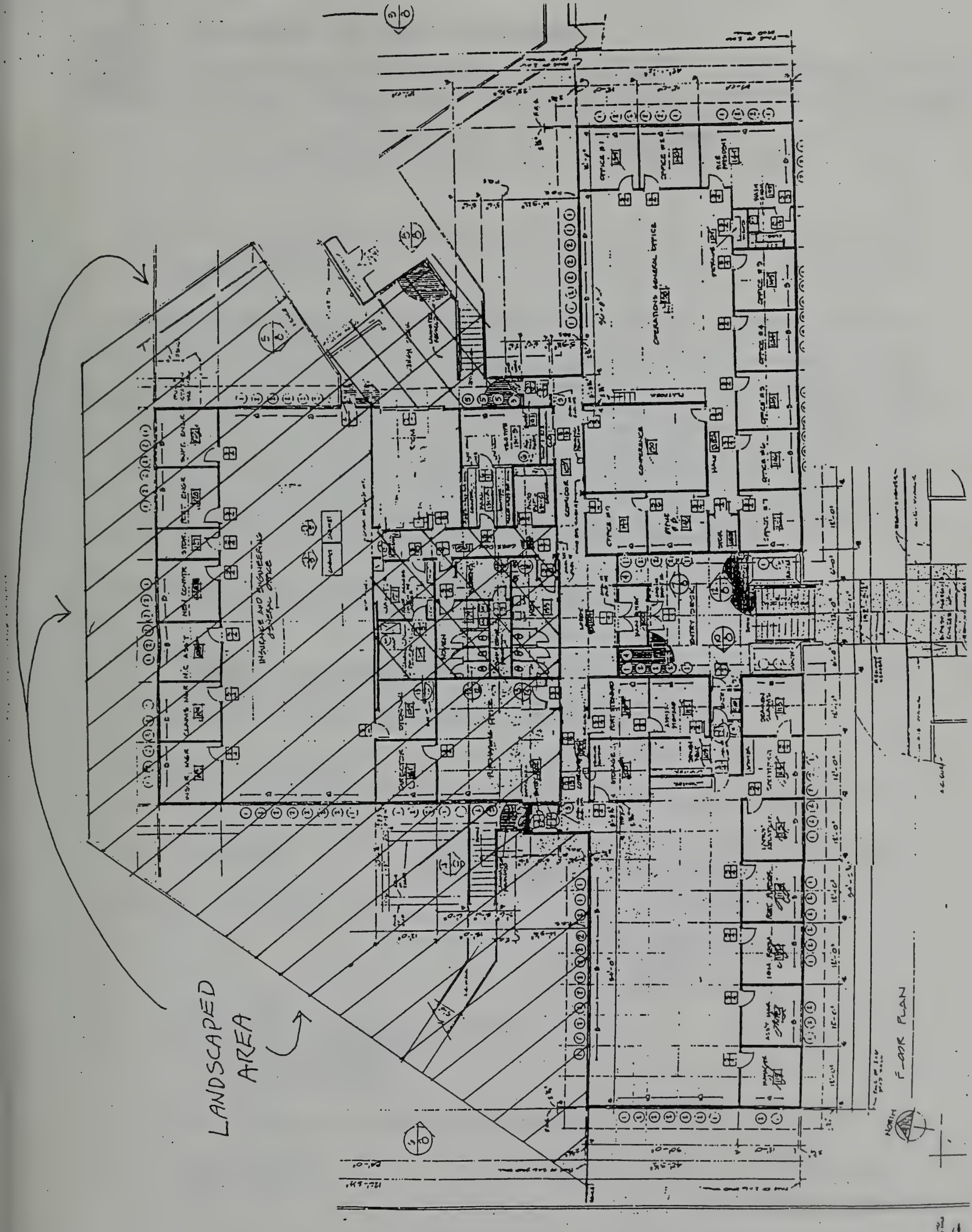
LANDSCAPED AREA
INSURANCE AND ENGINEERING GENERAL OFFICE
OPERATIONS GENERAL OFFICE
CONFERENCE
CORRIDOR
ENTRY DESK
FLOOR PLAN
NORTH

EXHIBIT A

PLANNING DEPARTMENT

City and County of San Francisco 1660 Mission Street San Francisco, CA 94103-24

(415) 558-6378 PLANNING COMMISSION FAX: 558-6409 ADMINISTRATION FAX: 558-6426 CURRENT PLANNING/ZONING FAX: 558-6409 LONG RANGE PLANNI FAX: 558-6426

NOTICE/CERTIFICATE OF DETERMINATION OF EXEMPTION/EXCLUSION FROM ENVIRONMENTAL REVIEW

Project Title: West Coast Recycling Facility
Location: Pier 96
City and County: San Francisco

Description of Nature and Purpose of Project: The proposal would relocate an existing recycling facility from its current Rhode Island/16th Street location to Pier 96. The facility is operated by West Coast Recycling (WCR). WCR would lease from the Port of San Francisco approximately 208,400 square feet of the Lighter Freight Shed at Pier 96, along with about 180,000 square feet of adjacent yard space and 5,000 square feet of office. The facility would be used as a processing center for bulk cargo recyclables and a container freight station for the shipment of bulk cargo recyclables to foreign and domestic markets. Activities at the proposed Pier 96 location would include sorting of incoming material, baling and preparing commodities for shipment. Materials would include fiber (paper products), and containers, such as plastic, glass and aluminum. No wood, scrap metal or construction material would be processed at the new location. Waste transfer operations currently conducted at the Rhode Island facility consistent with the requirements of a Solid Waste Facilities Permit issued by the Department of Public Health, would not be relocated to Pier 96.

Name of Person, Board, Commission or Department Proposing to Carry Out Project:
West Coast Recycling, Inc. (subsidiary of Norcal Waste Systems, Inc.)

EXEMPT STATUS:
X Categorical Exemption (State Guidelines, Section 15301; Public Resources Code, Section 21085)
State Class Numbers: 1
X General Rule Exclusion (State Guidelines, Section 15061(b)(3))

REMARKS: (see reverse side)

Contact Person: Diane Wong Telephone: 558-6322

Date of Determination:

July 21, 1998

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

HILLARY E. GITELMAN
Environmental Review Officer

cc:
Robert Passmore
Paul Osmundson/Noreen Ambrose, Port of San Francisco
Elaine Warren, City Attorney's Office
Henry Louie, Dept. Public Health
Karen Strandoo, Recycling Program
Norcal, Sponsor
Anne Eng, Golden Gate U., Environmental Law and Justice Clinic

Bulletin Board, M.D.F.
Exemption/Exclusion File

RECEIVED
JUL 23 1998
PORT OF SAN FRANCISCO
PLANNING & DEVELOPMENT DIVISION

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EXHIBIT B

Class 1 of the City's adopted list of categorical exemptions provides an exemption generally for the operation, repair, maintenance, or minor alteration of existing facilities involving no or negligible expansion of use. Included in this exemption class are changes of use, when the new use, as compared with the former use, would first be permitted as a principal or conditional use either in any equally restrictive or more restrictive zoning district. The former use of the site was a bulk cargo and container cargo receiving, loading and unloading facility and container freight station. The proposed use would be similar in that it would involve sorting and placement of items into containers for transport. Both the former and proposed uses are permitted within the site's M-2 (Heavy Industrial) zoning. Only minor tenant improvement work to the existing shed is proposed, including the installation of stationary and mobile equipment for processing operations. Therefore, the proposed project would be appropriately exempt under this class.

Additionally, CEQA State Guidelines Section 15061(b)(3) provides an exemption from environmental review where it can be seen with certainty that the proposed project would not have a significant effect on the environment. As discussed below, the proposed project would not result in significant adverse effects upon the environment.

While operations would generate some noise, all loading, unloading and processing activities would occur within an enclosed building, thereby minimizing noise and air quality impacts associated with operations. The area is industrial, with no residences or other sensitive receptors in the immediate vicinity. Additionally, as noise generated by the facility would be required to comply with the San Francisco Noise Ordinance, noise impacts would not be considered significant.

Impacts of future land uses within waterfront properties under the jurisdiction of the Port of San Francisco were analyzed programmatically under the Port of San Francisco Waterfront Land Use Plan (WLUP) Environmental Impact Report (Case No. 94.155E). The Pier 96 site is within the Southern Waterfront Subarea of the Plan. In the EIR, a variety of land use scenarios were considered, including a No Project Alternative, Alternative A which represented a moderate-development scenario, and Alternative B which encompasses the greatest level of new maritime and non-maritime development and improvements to Port facilities. Potential cumulative impacts were analyzed in the EIR, including those of transportation, air quality and noise, and extensive mitigation measures were identified to mitigate potentially significant impacts of the Plan. The proposed project would not differ substantially from uses assumed in the EIR analyses, and would be required to comply with all relevant mitigation measures.

The Bay Area Air Quality Management District (BAAQMD) has established thresholds for projects requiring its review for potential air quality impacts. These thresholds are based on minimum size projects and trip generation rates which the District considers capable of producing air quality problems. The project would occupy about 208,400 square feet of an existing shed building. The project sponsor estimates that about 350 trucks would visit the site daily. Not counting the yard space (180,000 s.f.) and accessory office space (5,000 s.f.) in order to arrive at a conservative trip generation rate figure, this translates into a trip rate of about 3.36 trips per 1,000 square feet. For comparison, the BAAQMD guidelines indicate that a light industrial building of about 590,000 square feet with a trip rate of 7.0/1,000 square feet, or a warehouse of about 820,000 square feet with a trip rate of 4.9/1,000 square feet could potentially result in significant emissions. The proposed project would fall well below those thresholds, and would be consistent with past uses of Port facilities in the Pier 96 area. For these reasons, no significant transportation-related air-quality impacts would occur.

Waste transfer operations currently conducted at the Rhode Island facility under a Solid Waste Facilities Permit issued by the Department of Public Health, would not be relocated to Pier 96. At Pier 96, residual waste would be less than 10 percent of the incoming materials, subject to monitoring by the Department of Public Health; therefore, the facility would not be considered to be a solid waste facility. Should the residual

waste exceed 10 percent of incoming tonnage, the Pier 96 facility would require a Solid Waste Facilities Permit, and would be subject to further environmental review.

For the above reasons, the project could not have a significant effect on the environment and is appropriately exempt from environmental review.

People • Service • Environment
NORCAL WASTE SYSTEMS, INC.

RECEIVED
JUN 01 1998
CITY & COUNTY OF S.F.
DEPT OF CITY PLANNING

Ms. Hillary Gitelman
Planning Department
City and County of San Francisco
1660 Mission Street
San Francisco, CA 94103-2414

RE: West Coast Recycling, Inc.'s Pier 96 Operations

Dear Ms. Gitelman:

We appreciated the opportunity to meet with you recently regarding West Coast Recycling, Inc.'s (WCR) operations at the Port of San Francisco's Pier 96 facility. WCR is pleased to have use of the Port's facilities to continue to provide recycling services for City residents and businesses.

The move to Pier 96 is timely given the planned departure from WCR's current location on Rhode Island Street. The Pier 96 facility will immediately accommodate recycling activities that are currently housed in WCR's Rhode Island facility as well as other recycling activities conducted to assist the City in achieving their state-mandated 50% diversion level. The waste transfer operations, currently conducted at the Rhode Island facility consistent with the requirements of a Solid Waste Facilities Permit issued by the Department of Public Health, will not be relocated to Pier 96.

WCR has submitted plans to the Port of San Francisco detailing use of the leased area. Recycling activities include sorting of incoming material, baling and preparing commodities for shipment. Materials include fiber (paper products) and containers (such as glass and aluminum). Stationary and mobile equipment is used during the sorting process. The plans submitted to the Port identify the equipment locations and types. The equipment will generate noise inside the building but is not expected to disturb sensitive receptors beyond the Pier 96 boundaries. For comparison, WCR, for similar recycling activities at its Total Urban Recycling Facility (TURF) in San Francisco, has been able to maintain compliance with noise ordinance requirements at a property boundary that is within 300 feet of the TURF building. Sensitive receptors (i.e., residential development) at Pier 96 are well beyond 1,000 feet from the Pier 96 building.

WCR has reviewed information related to the number of trucks that will be accessing the site on a daily basis. When activities at Pier 96 are fully implemented, WCR estimates that about 350 trucks will be accessing the site daily for transport of materials.

We hope that the above information clarifies some elements of WCR's Pier 96 operations. If you have any additional questions or information needs, please call me at 415 330-1194.

Sincerely,

Donald J. Gambelin
Manager, Technical Services

cc: Noreen Ambrose, Port of San Francisco
John Glaub, Norcal Waste Systems, Inc.
Leno Bellomo, West Coast Recycling, Inc.
Rich Jacobs, Howard, Rice, et. al.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
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MEMORANDUM

March 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to reject all bids for Construction Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities Project" and discussion of potential project alternatives.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO REJECT ALL BIDS FOR CONTRACT NO. 2609.

On October 6, 1998, the Commission authorized the advertisement of Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities Project." On December 11, 1998, six bids were received. The lowest bidder was considered non-responsive for submitting a blank Human Rights Commission Form 2A. The second low bidder submitted the required HRC Forms, and met the MBE/WBE goals for this project. However, their bid, including a 10% contingency, was $2.70 million, approximately $1.17 million greater than the $1.53 million that is available for construction. Due to the shortfall in funds, staff has concluded it is in the Port's best interest to reject all bids as prescribed by the San Francisco Administrative Code.

Port staff conducted a public meeting on February 19, 1999, to discuss the issues related to the Pier 52 Project, as well as the bid results with members of the recreational boating community, Waterfront Plan Advisory Board, and the Pier 52 design advisory committee. At the meeting, these groups indicated that the 40 space boat trailer parking lot and the crosswalk leading from the parking lot to the existing ramp are the most important elements of the project. These groups also noted that the existing boat ramp is still very functional.

This Print Covers Calendar Item No. **6A**

Based on this meeting, staff is considering an alternative approach to this project. Since the parking lot is the most critical element of this project, staff is considering the feasibility of re-bidding the construction of the parking lot immediately. Port staff intends to return to the Commission in the near future to seek authorization to advertise the parking lot for construction bid. The project would be funded with existing committed Port capital funds, and possibly a portion of the State Department of Boating and Waterways grant funds.

In order to fully fund a new public boat ramp in San Francisco, additional funds are necessary. The Port will approach the State Department of Boating and Waterways regarding the possibility of securing sufficient additional funds in order to build the double-lane ramp that was originally designed.

Therefore, due to inadequate funding, Port staff seeks Commission authorization to reject all bids received for Contract No. 2609, with direction to staff to study project alternatives, including the possible bidding of the parking lot as a separate contract.

Prepared by: Cliff Jarrard
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-12

WHEREAS, the Port Commission previously authorized the advertisement of Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities;" and

WHEREAS, six bids for this contract were received on December 11, 1998; and

WHEREAS, the lowest responsive bid was approximately $1.17 million greater than the available budget for this project; and

WHEREAS, the Port staff is analyzing different approaches to the project, including immediately rebidding the parking lot portion of the project and seeking additional funding for the remainder of the project; now, therefore be it

RESOLVED, that the San Francisco Port Commission authorizes the rejection of all bids for Contract No. 2609, for the construction of the Pier 52 Public Boat Launch and Support Facilities Project; and be it further

RESOLVED, that Port staff is directed to explore recommendations for bidding the construction of the parking lot as a separate project, and to present such recommendations to the Commission in the future.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

March 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Selection of Respondents to Invite to Submit Proposals for the Hotel Development and Operation Opportunity at Broadway and The Embarcadero

DIRECTOR'S RECOMMENDATION: SELECT STANFORD HOSPITALITY, INC. AND PROMUS HOTEL CORPORATION/KOLL DEVELOPMENT AS THE RESPONDENTS TO INVITE TO SUBMIT PROPOSALS FOR THE HOTEL DEVELOPMENT AND OPERATION OPPORTUNITY AT BROADWAY AND THE EMBARCADERO

This staff report provides information on the three respondents who submitted qualifications in response to the Request For Qualifications and Proposals for the hotel development and operation opportunity at Broadway and The Embarcadero ("RFQ/P"): (1) Stanford Hospitality, Inc. ("Stanford"); (2) Promus Hotel Corporation/Koll Development ("Promus"); and (3) Tom Flowers Associates ("Flowers"). This report includes the recommendation that two of the respondents - Stanford and Promus - be invited to submit proposals for this hotel development and operation opportunity.

I. BACKGROUND

A. Waterfront Land Use Plan

The Broadway Development Site (Site"), comprising the parcels shown on the attached Exhibit A, was identified in the Port's *Waterfront Land Use Plan* as having high near-term revenue-generating potential for the Port, and that optimizing revenue should be a strong consideration in its development. The seawall lots comprising the Site are among the few parcels on Port property on which the Waterfront Plan indicates a hotel use as an acceptable land use. Pursuant to the Waterfront Plan, Port

THIS PRINT COVERS CALENDAR ITEM NO. 7A

staff last summer established the Broadway Development Site Advisory Group to provide input on the development concept for a hotel use at the Site. Port staff also retained the following independent design and financial consultants to advise it and the Advisory Group in formulating the development concept for the RFQ/P: Robin Chiang & Company, Architects; and HVS International ("HVS"). The Advisory Group made a number of recommendations concerning planning and design issues, which were incorporated into the RFQ/P.

B. Issuance and Notice of Request for Developer Qualifications and Proposals

The Port Commission on October 27, 1998, by Resolution No. 98-107, authorized issuance of the RFQ/P, and the RFQ/P was issued on November 18, 1998.

Public notices concerning the RFQ/P were published in the *San Francisco Independent, Asian Week, Philippine News, Sun Reporter, El Latino and San Francisco Business Times* newspapers. Ads also were placed in the S.F. Purchasing Department's *Bid and Contract Opportunities* newsletter, *National Building News*, and the *Dodge Report*. Notices were posted on the Port's website, and on "Hotel-Online," a hotel industry website. In addition, notices were sent to those who had previously requested notice, to hotel owners and operators listed in the American Hotel & Motel Association Directory, to hotel developers recommended by HVS, to the Human Rights Commission listing of certified architects, landscape architects and engineers, to the Port's community organization list, and to others that Port staff believed would have an interest in responding to the opportunity. As a result of this outreach program, more than 200 copies of the RFQ/P document were distributed.

C. Request for Qualifications and Proposals

The RFQ/P stated that the Port is seeking a developer to ground lease the Site and develop and operate a first-class full-service hotel on the Site. The successful respondent needs to demonstrate extensive experience in financing, developing and managing full-service hotels of first-class quality. Because the ground lease with the Port will be unsubordinated to any financing obtained by the developer, the successful respondent also needs to demonstrate its ability to access equity and/or subordinate mortgage capital required to fund the development. The RFQ/P states that: "Experience in the development and operation of first-class full-service hotels, and the financial capacity of responding developer/operators, including in particular the ability to access equity and/or subordinate financing, will be the most important criteria considered by the Port."

The development program set forth in the RFQ/P envisions a hotel of three to five stories consisting of 350 to 400 rooms (with a minimum of 300 rooms), with banquet

and meeting space, eating/drinking establishment(s), parking per code required for the hotel, additional parking spaces beyond code requirements to serve visitors to the waterfront, and other amenities such as a fitness center and services for business travelers.

The RFQ/P provides for a selection process which consists of three stages: the Qualifications Phase, in which candidates submit their experience and financial qualifications; the Proposals Phase, in which the most qualified candidates will be invited to submit detailed proposals; and the Exclusive Negotiations Phase, in which the Port will select a qualified developer and negotiate and finalize the development agreement and 66-year ground lease.

II. SUMMARY OF QUALIFICATIONS PHASE RESPONSES

Stanford, Promus, and Flowers submitted qualifications in response to the RFQ/P by the January 25, 1999 deadline. The development teams and general concepts for development are summarized below, listed in the order that the submittals were received. A comparison table is attached to this Agenda Summary as Exhibit B. It provides additional information about each respondent and includes projects the respondents and development team members have undertaken.

A. Stanford Hospitality, Inc.

Development Entity:	Stanford Hospitality, Inc., a California corporation ("Stanford")
Lessee:	Stanford Hospitality, Inc., a California corporation
Hotel Operator:	Stanford Hotels Corporation, a wholly owned subsidiary of Stanford
Key Personnel:	Lawrence Lui, President of Stanford
Consultants:	Architecture: Patri Merker Architects (design), Architectural Resources Group (historic design) Engineering: Korve Engineers (traffic); F.E. Jordan Associates (civil); Takahashi Consulting Engineers (mechanical); Rutherford & Chekene (structural) Other: Bovis Construction Corporation (general contractor); Eckland

	Consultants, Inc (environmental); Public Affairs Management (regulatory); Jefferson Company (community relations); Geo/Resource Consultants (geotechnical); Orrick, Herrington & Sutcliffe (legal)
Previous Development Experience:	Limited to Residence Inn by Marriott, Pleasanton, CA (under construction); Sheraton Gateway Hotel S.F. Int'l Airport (expansion); and Hilton Washington Dulles Airport Hotel (expansion)
Hotel Management Experience:	15 hotels, including Hilton, Sheraton, Holiday Inn, Doubletree Guest Suites, Radisson and Marriott brands, ranging in size from 130 to 405 rooms
Development Concept:	400-room first-class full-service Hilton Hotel with 30,000 sq ft of meeting space, hotel restaurant, free-standing restaurant, bar, health club, lobby, and bridges over Davis and Vallejo Streets

B. Promus Hotel Corporation/Koll Development

Development Entity:	Promus Hotel Corporation and Koll Development ("Promus") would form a new limited liability company, Promus/Koll LLC, to joint venture development of the hotel
Lessee:	Promus Fel/Cor Lodging Trust, a joint venture of Promus Hotel Corporation and FelCor Lodging Trust, a publicly-traded REIT on NYSE; lease of site would be assigned to this entity after completion of hotel
Hotel Operator:	Promus Hotel Corporation, a publicly traded corporation on NYSE
Key Personnel:	Christopher Pfohl, Vice-President of Promus Hotel Corporation
Consultants:	Architecture: Theodore Brown & Partners (design); Carey & Company (historic design); Keller Mitchell & Company (landscape architecture)
	Engineering: SOHA Engineers (structural)

	Other: Koll Construction LP (general contractor), Bradford Brothers (master planning); Jane Winslow (community outreach/public relations); Environmental Science Associates (environmental); Baseline (environmental); Treadwell & Rollo (geotechnical)
Previous Development Experience:	Rowes Wharf Boston Harbor Hotel; University Park Hotel at MIT; and Embassy Suites, Centennial Olympic Park, Atlanta
Hotel Management Experience:	Third largest hotel company in U.S. with 1,313 properties; manages 340 hotels, 14 in No. California; owns, operates and franchises hotels throughout U.S., Mexico, Latin America, Canada; brands include Embassy Suites, Doubletree Hotels & Guest Suites, Homewood Suites, and Hampton Inn
Development Concept:	One of following options: full-service, 4-star Doubletree Hotel or Doubletree Guest Suites Hotel with 300-350 suites; or full-service Embassy Suites Hotel with 300-350 suites; or two different all-suite hotels (Doubletree Guest Suites, Embassy Suites or Homewood Suites), each with 150-175 suites; and freestanding restaurant

C. Tom Flowers Associates

Development Entity:	Tom Flowers Associates would create either a limited liability company or a limited liability partnership
Lessee:	None. (Respondent proposes that Public Trust be amended to allow for sale of individual units in fee simple to purchasers).
Hotel Operator:	Not identified.
Key Personnel:	Thomas E. Flowers, General Manager of the LLP or CEO of the LLC
Consultants:	Architecture: Del Campo & Maru, Inc. (design) Engineering: None identified. Others: Nibbi Brothers, Inc. (general contractor)

Previous Development Experience:	Edgewater Inn, Seattle
Hotel Management Experience:	Shasta View Inn, Dunsmuir, CA; and Village Inn Bed & Breakfast, Napa, CA
Development Concept:	400-unit hotel with construction of "mini-towers" exceeding the height limits specified in the RFQ/P; two restaurants, separate bar, fitness center, 400-stall parking garage, convention rooms, office and retail space; sell all units as time-share condominiums; apply to join Resorts Condominiums International as member of exchange program; sales period of 5-10 years

III. EVALUATION OF QUALIFICATIONS PHASE RESPONSES

A. Summary

Port staff reviewed the submittals of the three respondents for completeness and for conformance with the requirements of the RFQ/P. Based upon the information provided in the submittals, Port staff evaluated the development and operational experience of the respondents and their financial capacity, with assistance and input from HVS, the independent financial advisor retained by the Port who specializes in the hospitality industry. Port staff concluded that both Stanford and Promus submitted responses that at this phase are responsive to the RFQ/P, but that Flowers' submittal is not responsive. HVS concluded that Stanford and Promus were worthy of further consideration and should be invited to submit proposals at the next phase of the RFQ/P. HVS also concluded that Flowers should not be invited to submit a proposal.

B. Analysis of Responses

1. Development Experience

Promus has been involved in a number of hotel developments comparable to the proposed project. Stanford has been involved in some hotel development and renovations that are somewhat comparable to the proposed project. From the information submitted in the response, it appears that Flowers has limited comparable experience. Flowers was the co-developer of one hotel, the Edgewater Inn on a pier in Seattle, built in the early 1960's, originally with 180 rooms (later expanded to 241 rooms). In the 1980's Flowers purchased,

remodeled, operated and sold the Village Inn, an 8-cottage Bed & Breakfast in Napa. Flowers did the same with the Shasta View Inn, a motor-inn in Dunsmuir, CA. Flowers also failed to identify any staff who would work on the development project, except himself, and failed to submit a development timeline, as required in the RFQ/P.

Port staff and HVS believe that Flowers' lack of directly comparable hotel development experience is a clear distinction between Flowers and the other two respondents.

2. **Hotel Management Experience**
Promus is the third largest hotel company in the United States, with 1,313 properties. It manages over 340 hotels with 60,000 employees. Stanford manages fifteen hotel properties, several of which are the size of the proposed project. The only hotel management experience evidenced by Flowers is the two small non-urban inns mentioned above, which experience is not comparable to that required for an urban full-service large-scale hotel project envisioned for the Site. Flowers did not identify who would operate the proposed hotel, stating: "contacts have been made with potential hotel operators and negotiations are ongoing." The lack of management experience is a clear distinction between Flowers and the other respondents.

3. **Financial Capacity and Ability to Access Financing**
Port staff has reviewed the financial materials submitted and has significant questions regarding Flowers' ability to obtain the necessary financing for the project. Flowers failed to identify or describe any financing sources, as required in the RFQ/P, and provided no information on recent history in obtaining financing commitments. HVS also concluded that (a) the respondent's expectation of obtaining financing at an 80% loan-to-value ratio is unrealistic in the current lending environment, and (b) the respondent's apparent expectation that the general contractor, the hotel operator and the architect, along with outside unidentified investors, will fund the balance of the equity also may not be realistic.

4. **Other factors**
Based upon the development concept described in the submittal, the proposal to be submitted by Flowers would be non-responsive to the RFQ/P. Flowers proposes to build a 400-unit hotel with the goal of selling all units as time-share condominiums. Units would be sold one floor at a time, with the remaining units operated as a conventional hotel development by a hotel operator. Flowers would apply to join Resorts Condominiums International as a member of its exchange program. The sales period would be 5-10 years.

The respondent also anticipates "that the Port will cooperate in requesting that the [Public] Trust be modified to allow the property to be sold rather than leased." In addition, the respondent indicates his intention not to follow the Port's design objectives in that he proposes to place the hotel's living units in "mini-towers" or "spires" exceeding the 65-foot height limitation specified in the RFQ/P.

Flowers' lack of responsiveness to the project goals and objectives stated in the RFQ/P raises serious concerns about the Flowers response and again distinguishes his qualifications from the other two respondents. Port staff and HVS have concluded that Stanford and Promus are the most responsive to the Port's goals.

IV. RECOMMENDATION

Port staff recommends that Stanford and Promus be invited to submit proposals for the hotel development and operation opportunity on the Site. As a part of this invitation, these two respondents will be requested to provide additional information regarding their qualifications, and will be afforded the opportunity to supplement and modify their teams, and to expand, modify and refine their development concepts. The recommended deadline for receipt of these proposals is Tuesday, May 11, 1999.

Prepared by: Paul Osmundson
Director of Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-18

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, Port staff has worked with design and financial consultants in establishing the development concept for the Broadway Development Site, and has received the advice and counsel of the Broadway Development Site Advisory Group on this development concept; and

WHEREAS, the proposed development concept for the Broadway Development Site is for the goals, objectives, uses and development standards of the [*Waterfront Land Use Plan*]; and

WHEREAS, the Port Commission, by Resolution No. 98-107, on October 27, 1998, authorized Port staff to issue a request for qualifications and proposals ("RFQ/P") for a hotel development and operation opportunity at the Broadway Development; and

WHEREAS, Port staff issued the RFQ/P on November 18, 1998, provided extensive public notice by publication, mail, and on the web, and distributed more than 200 copies of the RFQ/P to interested parties; and

WHEREAS, three parties, Stanford Hospitality, Inc. ("Stanford"), Promus Hotel Corporation/Koll Development ("Promus") and Tom Flowers Associates ("Flowers") submitted qualifications in response to the RFQ/P (the "respondents"); and

WHEREAS, HVS International ("HVS"), the Port's independent financial and hospitality advisor, has reviewed and evaluated the three responses and recommended to Port staff that two of the respondents, Stanford and Promus, be invited to submit proposals for lease of the Broadway Development Site and development and operation of a first-class full-service hotel thereon; and

WHEREAS, Port staff has reviewed and evaluated the responses and HVS' recommendations and agrees with HVS' recommendation that Stanford and Promus be invited to submit proposals for lease of the Broadway Development Site and development and operation of a first-class full-service hotel thereon; and

WHEREAS, an invitation to the two above-mentioned respondents to submit proposals does not commit the Port to proceeding with the project, and the Port will not approve any lease or development agreement for the project until there has been complete compliance with the California Environmental Quality Act (CEQA); and

WHEREAS, Port Commission policy and City Charter provisions require competitive bidding of this opportunity; now, therefore, be it

RESOLVED, that the Port Commission hereby invites Stanford and Promus to submit proposals for the hotel development and operation opportunity at the Broadway Development Site.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

____
Secretary

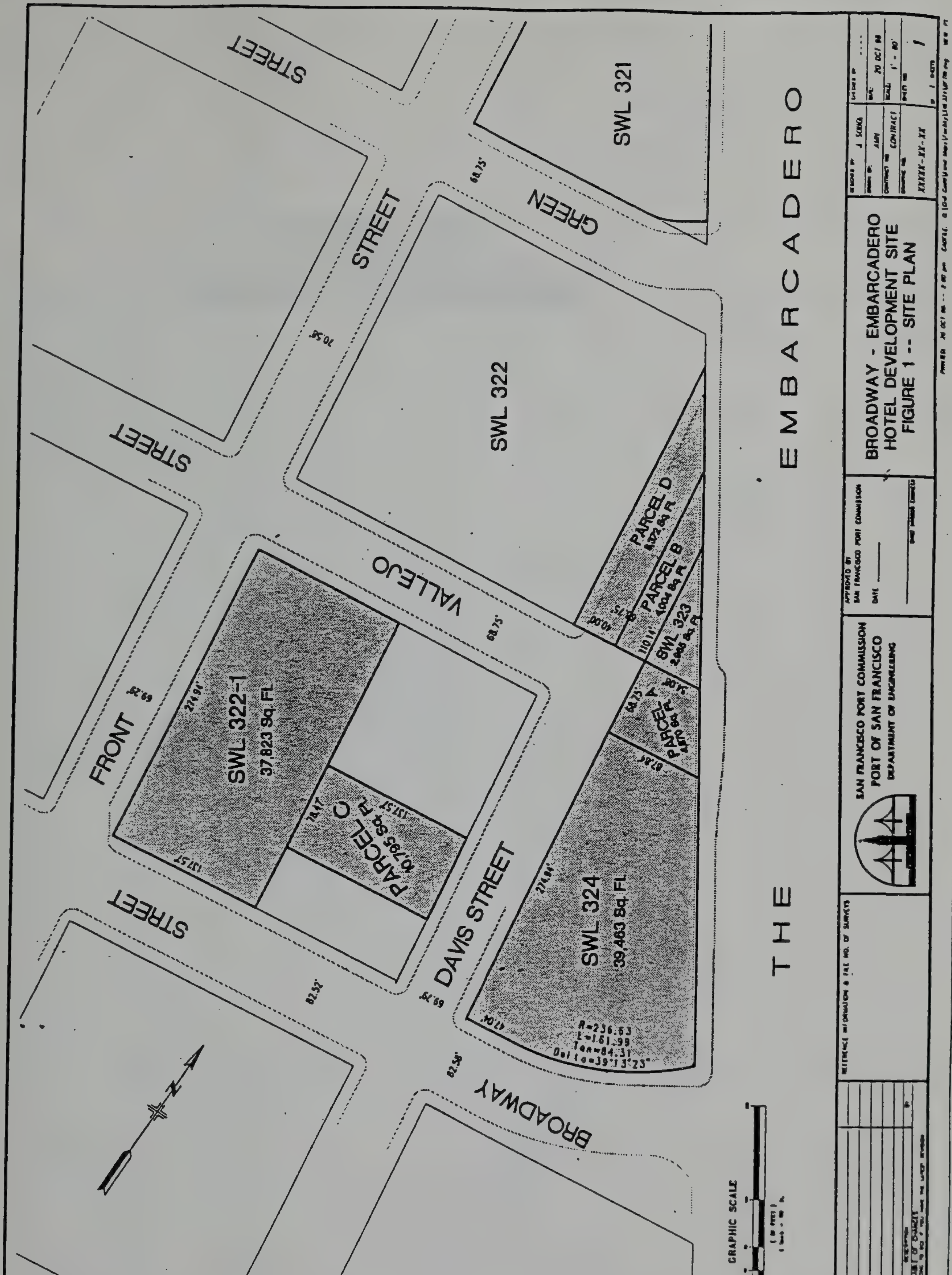
BROADWAY - EMBARCADERO
HOTEL DEVELOPMENT SITE
FIGURE 1 -- SITE PLAN
SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING
THE EMBARCADERO
GREEN STREET
VALLEJO STREET
FRONT STREET
DAVIS STREET
BROADWAY
PACIFIC STREET
SWL 321
SWL 322
SWL 322-1
37,823 Sq. Ft.
PARCEL C
10,795 Sq. Ft.
SWL 324
39,463 Sq. Ft.
PARCEL A
PARCEL B
PARCEL D
SWL 323
R=236.63
L=161.99
Tan=84.31
Delta=39°13'23"
GRAPHIC SCALE

EXHIBIT A

COMPARISON TABLE OF RESPONSES TO RFQ FOR HOTEL DEVELOPMENT OPPORTUNITY AT BROADWAY & THE EMBARCADERO

EXHIBIT B

RESPONDENTS TO HOTEL DEVELOPMENT RFQ
(Listed in Order received)

Submittal Requirements	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
A. Developer/Operator Entity; Signature on Transmittal Letter	**Stanford Hospitality, Inc.**; **Antony Carter**, Exec. Vice-President	**Promus Hotel Corporation /Koll Development**; no Transmittal letter	**Tom Flowers Associates**; Thomas E. Flowers
1. Identification and type of legal entity	**Stanford Hospitality, Inc.**, a California corporation ("Stanford") 433 California Street San Francisco	**Promus/Koll LLC** (to be formed), a joint venture of Promus Hotel Corporation (a publicly-traded corp. on NYSE) and Koll Development	**Tom Flowers Associates**, either an LP or LLC 155 Jackson Street #2003 San Francisco, CA 94111
1. Identification of legal entity that will be lessee	Stanford	Promus/Koll LLC initially; upon completion lease will be assigned to Promus/FelCor Lodging Trust, a joint venture. (FelCor is publicly-traded REIT on NYSE, largest non-paired REIT in U.S. owning 194 hotels, 50,000 rooms/suites, market capitalization of $3.5 billion)	Proposes that Trust be amended to allow sale of individual units in fee simple to buyers
2. Identification of legal entity that will operate hotel	**Stanford Hotels Corporation** ("SHC"), a wholly owned subsidiary of Stanford	**Promus Hotel Corporation**	Not identified; "Contacts have been made with potential hotel operators and negotiations are ongoing"
2.Joint venture/limited partners, w/ percentage interest & capital/equity committed	No partners	Promus & Koll will fund the joint venture.	$12 M from developer (as developer's fee in lieu of cash); $1M cash from developer; unidentified sums from the general contractor, hotel operator and architect (as partial payment for fees), but no letter committing to this; any shortage in equity to come from outside unidentified investors
3. Role of each development partner (see below for consultants)	Stanford, acting through wholly-owned subsidiaries, will develop the project itself	New corporation, Promus/Koll LLC, will joint venture development of the hotel	Tom Flowers will be either the General Mgr of the LP or President/CEO of the LLC; no partners identified
4. Role of entities in operation of hotel after completion	SHC will operate hotel	Promus Hotel Corporation will operate Hotel	None identified.

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
5. Role and resumes of project manager and key individuals involved in development & implementation of project	Project Manager: **Bovis Construction Group**- will oversee & supervise consultants and subcontractors **James D'Augustino**, President of Western Region **John A. Moyer**, Project Executive	Developer: **Promus Hotel Corporation** - Responsible for development & implementation of project **Christopher J. Pfohl**, V.P. **David A. Sherf**, Senior V.P. General Contractor: **Koll Construction, L.P.** - Responsible for construction of hotel **Paul A. Tersini**, V.P. **Vic Laidlaw**, President **Michael Koski**, Executive V.P. **Jes Pederson**, V.P. of Operations Architect: **Theodore Brown** Responsible for overseeing all aspects of performance of the professional, technical, historical team services; design; value engineering; construction document coordination; contract administration	None identified.
5.Role and resumes of key individuals involved in operation of hotel	**Bob Williamson, Sr.** V.P. of Hotel operations, SHC **James E.M.Evans**, CFO **Ed Sarraille**, V.P. Sales & Marketing **Colman Conneely**, Reg'l V.P. **Toby Allen**, Reg'l V.P. **Ron Berger**, Director of Corporate Development **Fred Chun**, Fin'l Controller **Robert Heidt**, Director Corp. Engineering **James Keasling**, Corp. Landscape Director **Lucy Cornell**, Project Designer	**Stevan D. Porter**, Senior V. P. of Operations, Promus Hotel Corp.	None identified.

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
6.Identify Key Consultants			
Financial	None identified.	Morgan X. Helies and Daniel J. Duplantis of Eastman Pierce, Inc.	None identified.
Marketing	None identified.	None identified.	None identified.
Design Architect	Patri Merker Architects San Francisco	Theodore Brown & Partners, Inc. San Francisco	Del Campo & Maru, Inc. San Francisco
Historic preservation Architect	Architectural Resources Group San Francisco	Carey & Company San Francisco	None identified.
Engineering	Korve Enigineers (Traffic); F.E. Jordan Associates (Civil); Takahashi Consulting Engineers (Mechanical); Rutherford & Chekene (structural)	SOHA Engineers (Structural)	None identified.
General contractor	Bovis Construction Corp. San Francisco	Koll Construction, L.P. Pleasanton, CA	Nibbi Brothers, Inc. San Francisco
Environmental Consultants	Eckland Consultants, Inc.	Environmental Science Associates; Baseline	None identified.
Regulatory Consultants	Public Affairs Management (EIR)	Not specifically identified.	None identified.
Legal	Orrick, Herrington & Sutcliffe LLP	Ron Halpern, Esq., Promus Hotel Corp.	None identified.
Other	The Jefferson Company (Community Relations); Geo/Resource Consultants (Geotechnical)	Keller Mitchell & Company (Landscape Architect); Bradford Brothers (Master Planning & Waterfront Consultant); Jane Winslow Consulting (Community Outreach & Public Relations); Treadwell & Rollo (Geotechnical)	None identified.
6. Consultant Experience	*Consultant Experience Is*	*Listed Separately*	
7. Description of lead negotiator	Lawrence Lui, President of Stanford	Christopher J. Pfohl, Vice President-Managed Development, Promus Hotel Corporation	Thomas E. Flowers, General Partner
7. Identification of any limitations to bind	No limits	General terms and conditions of lease, as presented in proposal, will be pre-approved at proper level within each organization; Mr. Pfohl has authority	None identified.

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
		to negotiate and "fine-tune" deal; major changes will need approval at appropriate level within each organization	
B. Developer/Operator Experience	*See Separate Listing*	*See Separate Listing*	*See Separate Listing*
C. General Concept	400-room first-class full-service Hilton Hotel;30,000 sq ft meeting spc, hotel restaurant and free-standing restaurant, health club, lobby, bar; with air bridges over Davis and Vallejo Streets	One of following options: ▪ Full-svc, 4-star Doubletree Hotel or Doubletree Guest Suites Hotel with 300-350 suites ▪ Full-svc Embassy Suites Hotel with 300-350 suites Two different all-suite hotels (Doubletree Guest Suites, Embassy Suites or Homewood Suites), each w/ 150-175 suites and freestanding restaurant	400-unit hotel with construction of "mini-towers" exceeding the height limits specified in the RFQ; two restaurants, separate bar, fitness center, 400-stall parking garage, convention rooms, office and retail space; sell all units as time-share condominiums; apply to join Resorts Condominiums International (RCI) as member of exchange program; sales period of 5-10 years
D. Project Schedule	Open for business Jan 2002; 1st yr of stabilized rent 2005; project schedule does not show regulatory approvals process	Start construction Nov 2000; complete construction May 2002; first year of stabilized rent not indicated; project schedule includes regulatory approvals process	No schedule submitted.
E. Financial Capacity and Capability	*See separate listing.*	*See separate listing.*	*See separate listing.*
F. $100,000 Deposit	Yes	Yes	Yes
G. Signed Statement of Ability to Comply with City Terms & Conditions (Exhibit R)	Yes; without condition.	Yes; without condition.	Respondent signed Exhibit R but conditioned his signature on the specific modifications made in the proposal, i.e. sales of units rather than ground lease
Materials Submitted 10 Sets 2 Sets of Financials	 Yes Yes	 Yes Yes	 No (10 of proposal, 1 of consultant mat'ls) Yes, but incomplete

A.6. CONSULTANT EXPERIENCE (Refer to Responses for complete listings and details; this table provides excerpts but is incomplete)

Relevant Consultant Experience:	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
Hotel projects	**Patri-Merker Architects:** Ritz Carlton Hotel, S.F. (1991), 336 rms, renovation of classic Greek Revival building; Nikko Hotel, S.F. (1987) 529 rms, associate architect; Marriott Courtyard, S.F., 420 rms, associate architect, in design; Marriott Garden Court Hotel, Oakland, 187 rms, in conceptual design; Omni Hotel, S.F. 400 rms, renovation of historic 1927 ofc bldg, in design; Jackson Square Hotel, S.F. (no info); Amangani (1998) 40 rms, Jackson Hole, WY, remodel of 9 condo bldgs & design of 22 villas, Architect of Record but not design architect **Eckland Consultants, Inc:** Four Seasons, Holiday Inn, Crown Plaza hotels; environmental assessment, condition reports, environmental remediation **Bovis Construction:** construction of Four Seasons Hotel & Tower, SF; Crown Plaza Hotel, Burlingame; Venetian Hotel/Casino & Exposition Center, Las Vegas, NV; Beverly Wilshire Hotel, Beverly Hills, CA; Guest Quarters/Doubletree, Santa Monica, CA; Ma Maison Sofitel Hotel, Beverly Hills, CA; Maxim's Suite Hotel, Palm Springs, CA; Hilton Beach Hotel, San Diego, CA; Marriott Univ. Park Hotel & Conference, Tucson, AZ; Princess Hotel, Fairbanks, AK; Loews Miami Beach Resort, Miami Beach, FL; Hyatt Regency Grand Cypress, Lake Buena Vista, FL;	**Theodore Brown, Architect:** Practicing architect in S.F. 25 yrs; voted one of top 100 architects in world by *Architectural Digest* magazine; obtained City approval for 48 projects, incl 17 cond uses; the following hotels are listed, but no description is provided of the hotel or the services rendered by Mr. Brown: Pacifica Hotel, Culver City, 12-story; 450-room Hotel in Beirut, Lebanon; Caesar's Palace, Las Vegas; Harrah's Casino Hotel, Reno; Golden Nugget Casino Hotel, Las Vegas; Golden Nugget Casino Hotel, Atlantic City, NJ; River Inn Casino & Resort Hotel, Las Vegas; Hyatt Regency Embarcadero, S.F. (Presentation only); Sheraton Hotel & Casino, San Maarten, Caribbean; Chateau LaCombe, Edmonton, Canada (Renovation); Toyo-Cho Hotel, Tokyo, Japan; Sheraton Anchorage Hotel, Anchorage, Alaska; Eugene Hilton Hotel, Eugene, OR **Carey & Company:** Wawona Hotel Complex, Yosemite; Asilomar Conference Center, Pacific Grove; International House, Berkeley **Koll Construction:** Construction, construction management services, major renovations & new, ground up construction: Los Angeles Airport Hilton & Towers, L.A. renovation of public areas; Las Vegas Flamingo Hilton Hotel, Las Vegas, remodel	**DelCampo & Maru Architects/Planners/Engineers:** Four Seasons Hotel, S.F. (19_?_) under design(?), part of Yerba Buena Tower; Hotel, Philippines (19_?_); under design (?), part of Marikina Riverbank Entertainment & Commercial Complex **Nibbi Brothers, Inc.** None.

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
	Omni Inner Harbor Hotel, Baltimore, MD; Atlantic City Seaside Resort, Atlantic City, NJ; Ritz Carlton Hotels, Embassy Suites Hotels, Courtyard by Marriott Hotels, Hampton Inns, Penn Club, NY	and 5,200 sf addition; Reno Hilton, Reno, new construction of racing facilities, remodel of 5 restaurants & casino; The Phoenix Hilton Suites, Phoenix, AZ, 11-story, 225 suites, 213,000 sf; MGM Grand Hotel, Las Vegas, remodel & expansion; Kona Kai Plaza, San Diego, renovation & new construction; Grand Pacific Resort, Carlsbad, CA, 270,0000 sf, 180 rms, undergrnd parking; Compri Hotel, El Segundo, CA, 7-story, 216 rms; Doubletree (formerly Omni Int'l), San Diego, 475,000 sf, 15-story, 425 rms; Sutton Place Hotel, Newport, CA, 10-story, 362,766 sf, 440 rms; Cabo Del Sol Resort, Mexico, 3 hotels, conv entr; Palmilla Resort Hotel, Mexico; various Marriott Hotels	
Commercial/retail Projects	**Patri-Merker Architects:** San Francisco Centre (1989), 8-story, 670,000 sf retail complex; Macys Union Square, S.F. (1999), renovation & expansion, new façade, seismic reinforcement; COMP USA Urban Store, in Phelan Bldg., S.F. (1998), 30,500 sf renovation; Marathon Plaza, S.F. (1988), 750,000 sf office/retail complex, undergrnd parking 360 cars **Architectural Resources Group:** Pier 1 rehab; Ferry Building renovation feasibility study, seismic upgrade, mat'ls conservation **Bovis Construction:** projects in 30 countries; commercial/office; retail; mixed-use; entertainment and studios; cultural and museum; theaters; cruise/cargo; no specific projects listed **Eckland Consultants, Inc:** Office buildings, shopping centers, industrial	**Theodore Brown, Architect:** Architectural design services for: City Plaza Towers, S.F. 466,000 sf mixed-use, two 21-story high-rise towers; 300 Beale Street, S.F., 130,000 sf renovation, residentail/retail; 150 Almaden Building, San Jose, 250,000 sf, 14-story high-rise ofc bldg; R. Dakin & Co. Hdqtrs, Brisbane, CA, 100,000 sf ofc bldg; Horton Ofc Pk, Emeryville, CA, 250,000 sf ofc bldg; **The Westlake Building/909 Montgomery Street, S.F., 100,000 sf ofc bldg; 655 Sansome Street, S.F., 80,000 sf renovation, ofc bldg; Hung on Tong Society Hdqtrs, S.F., 15,000 sf mid-rise ofc bldg; Cecil's Market, South Lake Tahoe, 20,000 sf 3-story mixed use Interior design/renovation services for: Disney, L.A., Imagineering Hdqtrs; Paragon Point Ofc , Redwood City, 240,000 sf ofc;	**DelCampo & Maru Architects/Planners/Engineers:** Yerba Buena Tower, S.F.(19_?) 36-story, 750,000 sf mixed-use complex of 200 luxury condos, hotel, retail shops, restaurants, fitness center, undergrnd parking; Marikina Riverbank Entertainment & Commercial Complex; Philippines (19_?_), complex includes watercraft station, concert hall, hotel, restaurants, office tower, retail shops, museum; New International Terminal, SFO, 5-story, 1M sq ft; Delta Airlines South Terminal, SFO; 170,000 sf; Mexican Cultural Heritage Gardens & Plaza, San Jose, CA,

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
	parks, warehouses, sports stadium; environmental assessment, condition reports, environmental remediation **Public Affairs Management:** Environmental review for Pier 1 Rehab Project- ofc conversion (Port); Ferry Building renovation (Port); Multiplex Theater (City of San Mateo)	Pacific Dolphin Plaza, Redwood City, 200,000 sf ofc; St. Croix Shop, Sheraton Palace Hotel, S.F., retail store renovation; 444 DeHaro Street, S.F., 120,000 sf ofc; Royal Viking Line Hdqtrs, S.F., 31,000 sf renovation of ofc; **Keker & Brockett/710 Sansome St., S.F., 25,000 sf renovation law office; **1620 Montgomery Street, renovation of architect's ofc **Property located in Northeast Waterfront Historic District **Carey & Company:** Emporium Dept. Store; Monadnock Building; Shell Building; City of Paris/Nieman Marcus Rotunda; Broadway Building **Koll Construction:** Nike World Campus, Beaverton, OR, 9 buildings, 575,000 sf, ofc & R&D;Hillls Plaza Ph I, S.F., 531,000 sf, 17-story mixed-use;550 So. Hope St., L.A., 28-story, 623,000 sf ofc tower above undergrnd parking; Home Savings, S.F., 6-story ofc/bank bldg; Sony Operations Cntr, San Jose, 495,000 sf ofc, R&D, whse, Gold Nugget award	community center w/ theater, gallery, classrooms, offices, gardens; Mission Recreation Center, S.F., rehabilitation of commercial laundry into athletic, cultural and child care facility; Lincoln Theater, Yountville, CA, remodel of existing facility; Bell Labs Advanced Software Center, Menlo Park, renovation of 6,000 sf ofc bldg **Nibbi Brothers, Inc.** S.F. Wax Museum, 3-story,122,000 sf new construction; several housing projects
Other development projects with public entities	**Patri-Merker Architects:** Hills Plaza, S.F. (1991) new construction of 18-story mixed-use hi-rise, rehab of historical Hills Bros. Coffee Bldg. into 217,000 sf ofc/retail, w/ Port & Redevelopment Agency; Caltrans Dist 4 Hdqtrs, (1992) Oakland design of 839,000 sf, 10-story ofc bldg Calif. Transportation Agency; Public Library(1992) 72,000 sf, City/Oxnard **Architectural Resources Group:** Port of S.F.: Pier 1, Ferry Bldg, P70	**Carey & Compay:** Worked over 20 yrs w/ City of S.F., Port of S.F., Bureau of Architecture, DPW, Planning Dept, Redevelopment Agency, Rec & Park Dept S.F. City Hall; War Memorial Opera House; Veterans Building; Sprecklels Temple of Music; Oakland City Hall; DeYoung Museum; Stanford Univ. Main Quad	**DelCampo & Maru Architects/Planners/Engineers:** George Moscone Elementary School & Las Americas Children's Center, S.F., 55,000 sf school and children's center w/ gymnasium, classrooms, library, computer lab, parking; Burton Ofc Building, S.F., remodel of 1M sq ft federal ofc bldg; Fanuc Conference Facility,

RFQ Category	Stanford Hospitality, Inc.	Promus/Koll	Tom Flowers Associates
	Adaptive Reuse Study; UC Berkeley: Goldman School of Public Policy; Presidio of S.F.: Fire Station Addition **Korve Engineering:** transportation studies for Emporium Site (Yerba Buena Redevelopment Area); Hunters Point Naval Shipyard (US Navy/SFRA); Treasure Island Reuse Plan (City of S.F.); Terminal Separator Structure/Mid-Embarcadero Replacement Project (City of S.F.); Third St. Corridor Light Rail Project (MUNI); Rincon Hill Sports/Entertainment Complex; Cruise Ship Terminal P30/32-Scandinavia Center (Port of S.F); Pier 39 Improvement Plan; Hyde St. Harbor & Pier 45 (Port S.F.) **The Jefferson Company:** public info and community outreach for S.F. Downtown Ferry Terminal (Port); MBE/WBE program for PacBell Park (Port); employment impact model for Mission Bay (Catellus); mkting plan, outreach for Lower Fillmore St. Retail Development Plan (SFRA); Southeast Multi-Service Facility: develop bldg program for sewer treatment plant in Hunters Point for SFRA **Public Affairs Management:** Environmental review for Muni-Metro Turnback (SF Trans Comm); Mid-Embarcadero Roadway Replacement (S.F., CalTrans, FedHighwayAdmin);Blocks 202/203 Redevelopment (S.F.); East Baybridge Project (Catellus, Cities of Emeryville, Oakland); Chiron Campus Development Plan & Kaiser Medical Center Project (City of Emeryville, Alameda County); Bridgepointe (City of San Mateo)		UC Berkeley; Sheriff's Facility at Hall of Justice, S.F.; Berkeley Public Safety Building, hdqtrs for police & fire, jail, comm cntr, ofc, shooting range; Youth Authority Training Center, Stockton, classrooms, residential units, library, computer center; Public entities include State of CA, Stanford U, Univ of CA, SFUSD, SFComm College Dist, City of S.F., S.F. Airports Commission, S.F. Rec & Park, San Jose Redevel, BART, CA Dept of Corrections, EBMUD, City of Berkeley, County of Contra Costa, Gov't of Mexico **Nibbi Brothers, Inc.** None identified.

B. DEVELOPER/OPERATOR EXPERIENCE (Refer to Responses for complete listings/details, this table provides excerpts but is incomplete), Also refer to separate Sheets detailing each project for each developer.

Relevant experience in hotel development and construction; hotel management and operations; financing developments encumbered by unsubordinated ground leases; working relationships with public agencies.

Relevant Experience	**Stanford Hospitality, Inc.**	**Promus/Koll**	**Tom Flowers Associates**
Hotel Development & Construction	1. Residence Inn by Marriott in Pleasanton *(new construction)* 2. Sheraton Gateway Hotel S,F. Int'l Airport *(remodel)* 3. Hilton Washington Dulles Airport Hotel *(remodel)* *See separate sheets for detailed info*	Promus owns over $2 billion worth of hotel real estate throughout U.S.; Koll has built over 45 million sq ft valued at $2 billion in last 5 years 1. Rowes Wharf, Boston Harbor Hotel (co-developer) 2. University Park Hotel at MIT, a Doubletree Hotel, Cambridge, MA (technical svcs for design/develop) 3. Embassy Suites, Centennial Olympic Park, Atlanta, GA (technical svcs for design/develop) *See separate sheets for detailed info*	"Specific hotel experience is limited" 1. Edgewater Inn, Seattle, co-developer *See separate sheets for detailed info*
Hotel Management & Operation	15 full-service hotels, none in urban settings, including Hilton, Sheraton, Holiday Inn, Doubletree Guest Suites, Radisson and Marriott brands, ranging in size from 130-405 rooms *See separate sheets for detailed info*	Promus is 3rd largest hotel co. in U.S. w/ 1,313 properties w/ 190,181 rooms; manages over 340 hotels w/ 60,000 employees; 14 "upscale/luxury hotels" in Northern California; owns, operates and franchises hotels throughout U.S., Mexico, Latin America, Canada; Brands include Doubletree Hotels & Guest Suites, Embassy Suites (1st class full-service all-suite brand), Homewood Suites, Hampton Inn, Club Hotels by Doubletree, Embassy Vacation Resorts, Hampton Vacation Resorts, University Hotel & Conference Centers	1. Shasta View Inn, Dunsmuir (1988-93), motor-inn 2. Village Inn, Napa (1985-88), 8 units, B&B

Financing Hotel Developments Encumbered by Unsubordinated Ground Leases	1. Warner Center Hilton Hotel & Towers, no further information	1. Embassy Suites, Battery Park, New York	None identified.
Experience working with public agencies	No projects with a public agency but regulatory and building permits required for development of Pleasanton hotel and the 2 remodels	1. University Park Hotel at MIT, a Doubletree Hotel, Cambridge, MA 2. Embassy Suites, Battery Park, New York 3. Inn at Penn, a Doubletree Hotel, Philadelphia PA 4. Embassy Suites, Centennial Olympic Park, Atlanta, GA	None identified.

Other major historic or waterfront hotels in which Promus has direct involvement through ownership, design, affiliation or mgmt:
Embassy Vacation Resort, Kaanapali Beach, Hawaii
Fess Parker Doubletree Resort, Santa Barbara
Embassy Suites, Chicago
The Inn at Harvard, Cambridge
Doubletree Hotel at 42nd St, New York
Embassy Suites, S.F. Airport, Burlingame

PORT OF SAN FRANCISCO

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MEMORANDUM

March 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of Negative Declaration, approval of Development Agreement with AMB Property Corporation for the development of Pier 1 as a maritime office project, and approval of Schematic Drawings for the project

DIRECTOR'S RECOMMENDATION: ADOPT NEGATIVE DECLARATION, APPROVE DEVELOPMENT AGREEMENT, AND APPROVE SCHEMATIC DRAWINGS

I. BACKGROUND

On January 21, 1998, the Port issued a Request for Interest and Qualifications ("RFI&Q") to master lease and develop Pier 1 as a maritime office project. Pursuant to this RFI&Q, the Port Commission by Resolution No. 98-49 awarded to AMB Property Corporation ("AMB") the opportunity to enter into an exclusive right to negotiate with the Port for this project, and an Exclusive Right to Negotiate agreement was executed by the Port and AMB on May 26, 1998 ("Exclusive Right"). The Exclusive Right provided for an Exclusive Negotiation Period expiring on January 26, 1999 (including options), which was extended until February 26, 1999 by Port Resolution No. 99-02.

The Exclusive Right provides that during the Exclusive Negotiation Period, Port staff and AMB are to negotiate Agreements which include the economic parameters, development standards and requirements, and a performance schedule. It also provides that the Agreements would be subject to Port Commission approval and could not be considered by the Port Commission until CEQA Environmental Review under the California Environmental Quality Act (CEQA) is completed.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

During the Exclusive Negotiation Period, AMB completed its due diligence investigation of the Pier 1 facility, and AMB refined the design and scope of the project, which is reflected in the Scope of Development and Schematic Drawings. The redefined Scope of Development involves the redevelopment and historic rehabilitation of Pier 1 to provide approximately 130,163 usable square feet of office space, approximately 39,340 square feet of public access, and approximately 1,631 usable square feet for the Pier One Deli. After construction is completed, the Port will occupy approximately 45,630 usable square feet for its administrative offices, which will include meeting facilities.

The following has also been accomplished to date during the Exclusive Negotiation Period:

- The State Lands Commission determined that the project is in compliance with State Trust Purposes.
- On January 5, 1999, the Secretary of the Interior, Keeper of National Register placed Pier 1 on the National Register of Historic Places. The State Historic Preservation Officer has indicated preliminarily that the proposed project conforms to the Secretary of Interior's Standards for Historic Rehabilitation.
- Port staff and the San Francisco Planning Department completed the CEQA review of the proposed project, resulting in the issuance of a Final Negative Declaration, dated January 21, 1999.
- Part 2 of Historic Preservation Certification Application was submitted to the National Park Service on February 19, 1999.
- The Waterfront Design Advisory Committee (the joint 5-member committee appointed by the Port, the Mayor, and the San Francisco Planning Department) reviewed and gave its favorable support to the Schematic Design of the project on January 27, 1999.
- The San Francisco Planning Department granted a parking exemption on February 16, 1999.
- Meetings have been held with BCDC staff, Engineering Criteria Review Board, and Design Review Board, and with the Army Corps of Engineers, San Francisco Architectural Heritage, the City's Disability Access Coordinator and a Human Rights Commission representative.
- A Permit Application was submitted to BCDC on February 5, 1999.
- Port staff and AMB have negotiated the terms of the Agreements, including the Development Agreement, Lease, and Port Sublease.

Following the adoption of the Negative Declaration and approval of the Agreements by the Port Commission, the following approvals must be obtained before the construction can proceed:

- Approval of the Lease and Port Sublease by the San Francisco Board of Supervisors.

- Issuance of a BCDC permit.
- Issuance of a permit from the Army Corps of Engineers, and possibly approval by the Regional Water Quality Control Board.
- Issuance of a building permit by the Port.

AMB expects to receive these approvals and to commence construction by August 1999, and expects to complete construction by December 2000. After the construction is completed, AMB expects to receive certification from the National Park Service that the construction complies with the Secretary of Interior's Standards for Rehabilitation, making the project eligible for a 20% Federal Historic Preservation Tax Credit.

II. CALIFORNIA ENVIRONMENTAL QUALITY ACT

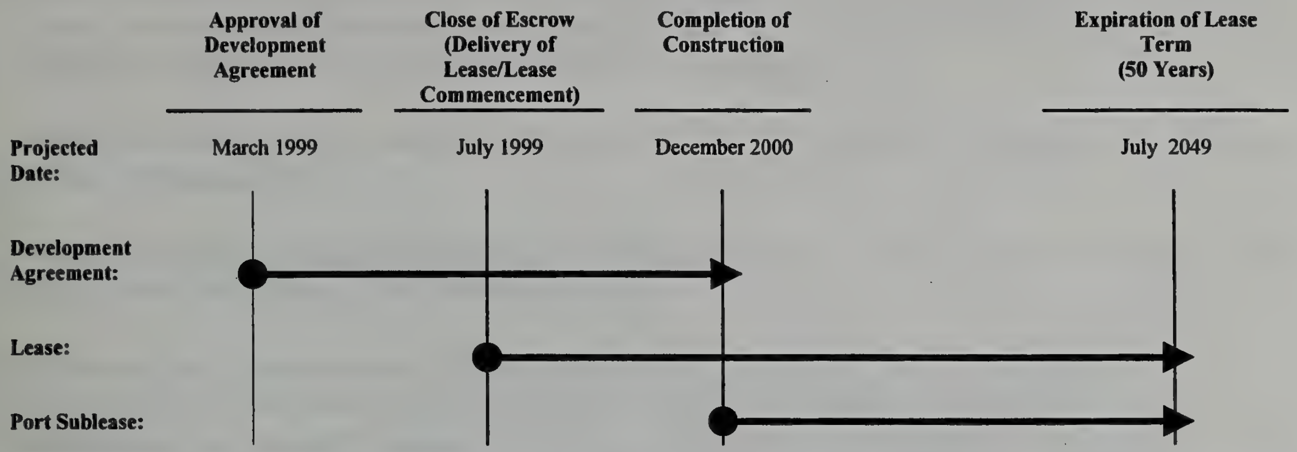
The San Francisco Planning Department published a Final Negative Declaration, dated January 21, 1999, regarding the proposed Pier 1 project. This Final Negative Declaration finds that the project will not have a significant effect on the environment, and identifies certain mitigation measures to avoid potential significant negative effects, which are indicated in the attached Attachment 1. Before the Port Commission can approve the Agreements, it must consider and adopt the findings of the Final Negative Declaration and adopt the Mitigation Monitoring and Reporting Program (which is also shown in Attachment 1, pursuant to the California Environmental Quality Act.

III. PROPOSED AGREEMENT

The form of the Agreements negotiated by Port staff and AMB consists of a Development Agreement, with other documents concerning the transaction being attached as exhibits. These exhibits include: the Lease with AMB as the tenant; the Port Sublease for the portion of the facility to be occupied by the Port's administrative offices; Mitigation Measures; a Schedule of Performance; a Scope of Development; Schematic Drawings; Prevailing Wage Requirements; and a Program in Diversity.

Approval is now being sought from the Port Commission for the Development Agreement, including the attached exhibits. The Development Agreement will be executed by the Port following its approval by the Port Commission and the approval of the Lease and Port Sublease by the Board of Supervisors. The Development Agreement will go into effect immediately upon its execution by the Port and AMB, but the Lease and Port Sublease will not go into effect until certain conditions are satisfied, which are discussed below under the Development Agreement. Once these conditions have been satisfied, the fully executed Lease and Port Sublease will be delivered to the parties through an escrow. The Lease will immediately become effective when it is delivered to AMB, after which construction can begin. The Port Sublease will become effective upon the completion of construction. Both the Lease and Port Sublease will expire concurrently 50 years following the commencement date of the Lease. The Development Agreement will expire upon completion of

construction. The structure and anticipated schedule for this transaction are illustrated in the following diagram.


Approval of Development Agreement
Close of Escrow (Delivery of Lease/Lease Commencement)
Completion of Construction
Expiration of Lease Term (50 Years)
Projected Date:
March 1999
July 1999
December 2000
July 2049
Development Agreement:
Lease:
Port Sublease:

It is important to note that, while only the Development Agreement would now be signed by the Port and go into effect, Port Commission approval is now being sought for the entire transaction as described in all the documents comprising the Agreements. If the conditions stated in the Development Agreement are satisfied, the Executive Director will be authorized to execute and deliver these documents through escrow, including the Lease and Port Sublease.

A. Development Agreement

The purposes of the Development Agreement are to set forth the conditions for the development of Pier 1 by AMB, and to state the conditions for delivery of the Lease for Pier 1 to AMB. The Port will be obligated to deliver the Lease to AMB provided the conditions are satisfied. The Development Agreement provides AMB with the certainty it needs in order to invest further in the design and approval process for Pier 1 and to finalize the project financing. It also protects the Port in that the Port does not have to deliver the Lease unless and until certain conditions are satisfied.

Conditions stated in the Development Agreement for the development of Pier 1 include the following:

- The Port is to deliver Pier 1 to AMB free of existing tenants and occupants, except Pier One Deli.
- AMB is to accept Pier 1 in its "as is with all faults conditions."
- AMB is responsible at its own sole cost and expense to comply with all laws and regulations, and to obtain all regulatory approvals necessary to undertake the planned development.
- AMB is responsible to perform any investigation and remediation of hazardous materials, including conditions existing prior to delivery, but only to the extent legally required as a result of AMB's construction activities. AMB is responsible for all costs in developing the site, obtaining utilities, and constructing improvements.

- AMB will improve the site in conformance with the Schedule of Performance, Scope of Development, and Schematic Drawings (discussed below),which will be attached as exhibits to the Development Agreement. The construction design documents are defined and the procedure for the Port to approve the construction design documents is established, with the first step being approval of the Schematic Drawings by the Port Commission.

- AMB is to comply with the mitigation measures identified in the Final Negative Declaration and shown in Attachment 1.

- AMB is to follow a Program in Diversity in designing and constructing the improvements, and is to pay prevailing wages for all construction work.

- The default and legal remedies of the parties are identified, which for the Port include termination, specific performance and damages, and for AMB include termination, specific performance, and limited damages remedies. In addition, if the Port fails to approve or unreasonably withholds its approval as to AMB's submitted requirements (e.g. construction drawings) within the time allowed, AMB may request an expedited non-binding arbitration procedure.

- AMB is to comply with all City requirements, including non-discrimination and first source hiring.

- AMB is to carry insurance and is to indemnify the Port.

Following are the conditions that must be satisfied for the escrow to close, whereby the Lease and the site will be delivered to AMB:

- Port has approved the construction design documents.

- Port has issued a full building permit or a site permit.

- AMB has submitted to the National Park Service Part 2 of the Historic Preservation Certification Application

- AMB has received all required approvals from regulatory agencies, including BCDC and the Army Corps of Engineers.

- AMB has submitted to the Port an updated Construction Budget, and evidence of a guaranteed maximum contract for the construction of improvements consistent with the Construction Budget.

- AMB has submitted to the Port satisfactory evidence that it has either adequate equity funds or subordinate debt financing to complete the improvements. (Note that this provision does not limit potential financing to only AMB equity).

- AMB has submitted and received approval from Port staff of its Maritime Marketing Program, indicating that AMB has marketed available office space (space not occupied by AMB or the

Port) to public trust tenants. (Note that the public trust purposes in the development of Pier 1 have been identified to be preserving an historic marine resource, supporting maritime commerce in the form of high quality office space for the Port and other maritime users, and promoting public access to the Bay. Other than the Port, a specific percentage requirement for public trust office space use is not required. The Maritime Marketing Program is therefore a key feature of this transaction from a public trust perspective).

- AMB has submitted a certificate of insurance for required insurance coverage.

- Executed copies of the Lease and Port Sublease have been submitted into escrow.

- AMB has entered into a binding sublease with the Pier One Deli, and the Port has entered into a binding agreement terminating the existing Pier One Deli lease.

- Pier 1 is free of all tenants and occupants, except the Pier One Deli.

- AMB has submitted a First Source Hiring Agreement and an HRC Certificate of Compliance.

- There have been no adverse changes in the condition of the site.

B. Lease

The Lease, which will be delivered through escrow when the above conditions are satisfied, will include the following business terms:

- **Premises:** The Premises will consist of the existing 118,313 sq. ft. Pier 1 facility, plus some adjacent water area and property, as shown on the Site Plan attached as Attachment 2.

- **Term**: The term of the Lease will commence upon the close of escrow and expire 50 years thereafter.

- **Permitted Uses:** The Premises shall be used for offices, meetings, restaurants, and public access uses, subject to the priority of public trust consistent office uses. The Port reserves the right to berth vessels adjacent to the Premises on an emergency basis without the approval of AMB and on a non-emergency basis with AMB's prior written consent not to be unreasonably withheld.

- **Minimum Rent**: The Minimum Rent to the Port is set at $1,782,859.00 per year, or $148,571.58 per month. (This compares to the current rent being generated from Pier 1 of only approximately $353,712 per year).

  The Minimum Rent equals the Projected Total Rental Income to be received by AMB (including from AMB and the Port for their respective office spaces, as well as from all other users of the pier), less an 11% return to AMB on the Budgeted Total Construction Cost. As shown on the Budget attached as Attachment 3, the Projected Total Rental Income is set at $5,579,127. Total hard costs, without any contingency, are projected at $28,598,225, and combined hard and soft costs are projected at $37,543,135. These cost projections were reviewed and confirmed by the

Port's Engineering Department and by an independent cost estimating firm retained by the Port – Don Todd Associates, Inc. (Note that AMB has agreed not to include in the soft costs any development fees to AMB or any costs related to permanent or take out financing.)

The Port is to receive 50% of the historic tax credits earned by developing this Historic Landmark facility in accordance with the Secretary of Interior's Standards for Rehabilitation. The total amount of the historic tax credits is projected at $6,063,216. Applying the Port's 50% share to reduce the construction costs decreases the Total Construction Costs upon which the Minimum Rent is calculated, to an estimated $34,511,526.

- **Minimum Rent Adjustment:** The Minimum Rent is to remain constant throughout the term of the Lease, except that it is subject to adjustment after the completion of construction based upon the following factors:

    1. Decrease in Total Construction Costs – In the event that the actual Construction Costs are less than those shown in the Construction Budget, 100% of the cost savings will be applied to increasing the Minimum Rent to the point that it equals the initial Base Rent due AMB from the Port for its space. Beyond this point, only 50% of cost savings would be applied to increasing the Minimum Rent (with AMB retaining the other 50%.)

    2. Increase in Total Construction Costs - Based upon a review of the construction drawings, by cost estimators separately retained by AMB and by the Port, it was agreed that a combined 15% design and construction contingency (or approximately $4.3 million) is reasonable for this project. As a result, in the event that Total Construction Costs increase by an amount of 15% or less, the Minimum Rent will be reduced accordingly. Increases in costs exceeding the 15% contingency will be the sole obligation of AMB.

    3. Adjustments in Usable Area - As subleasing and space planning is completed for subtenants, some adjustments may occur in the usable square footage of each tenant. Corresponding adjustments will be made in the Budget due to changes in usable square feet, but not for changes in rental rates per sq. ft. or in the load factor, which is set at 15%.

    4. Historic Tax Credits - Final eligibility for historic tax credits cannot be conclusively certified until after the construction is completed. However, the State Historic Preservation Officer has given his preliminary indication that the plans for Pier 1 will comply with the Secretary of Interior's Standards for Rehabilitation. The Development Agreement requires that, as a condition for closing escrow, AMB is to have submitted Part 2 of the Historic Preservation Certification Application, and requires that AMB use its best efforts to construct the project in conformance with the Secretary of Interior's Standards for Rehabilitation. While there is thus a high probability that historic tax credits will be received, their receipt is not guaranteed. Should the project not be certified for historic tax credits, the Minimum Rent would be reduced by approximately $333,477 annually to reflect not achieving these tax credits. While AMB is highly motivated to achieve these historic tax credits, the risk of not achieving these tax credits will thus be shared equally by AMB and the Port.

The Port will have the right to contribute capital to reduce the total Construction Costs to the extent of eliminating any initial net rent due from the Port to AMB (i.e. the Minimum Rent due from AMB to the Port under the Lease equals the initial Base Rent due from the Port to AMB under the Port Sublease). This capital contribution could be up to approximately $1.1 million, based upon the Minimum Rent stipulated in the Lease. If the full 15% contingency is expended, an additional $3.9 million capital contribution would be required to eliminate any initial net rent due to AMB. If historic tax credits are not earned, an additional capital contribution of approximately $3.4 million would be required to offset this amount.

- **Participation Rent:** In addition to Minimum Rent, starting on the fifth anniversary of the Term, AMB will pay Participation Rent equal to 50% of the total rental income received by AMB in excess of the Projected Total Rental Income. Participation rent will be calculated and paid quarterly.

  For space occupied by AMB, initial triple net base rent will be set at $40.00 per rentable sq. ft., (including a 15% load factor), which will be increased 18.5% on the fifth anniversary date. AMB's base rent will be adjusted to the market rental rent at each 10-year anniversary thereafter.

- **Net Lease**: All rent under the Lease will be absolutely net to the Port, with AMB responsible at its cost and expense for managing, improving, operating, maintaining, and repairing the Premises.

- **Insurance/Damage and Destruction:** AMB will be required to carry Builder's Risk Insurance (during the initial construction), Property Insurance (including earthquake and flood insurance if available at commercially reasonable rates), Commercial Liability Insurance (with limits of $10 million), Worker's Compensation Insurance, Boiler and Machinery Insurance, Business Automobile Insurance, and Business Interruption Insurance. In the event of damage or destruction, AMB will be responsible for restoring the Premises, and will be required to pay the Port proceeds of the business interruption insurance. AMB shall have the right to terminate the Lease, rather than restoring the Premises, only in the event of either a major destruction (exceeding 75% of the cost to restore) during the last five years of the Lease term, or in the event of an uninsured casualty (consisting of damage not covered by the insurance AMB is required to carry, or a casualty loss exceeding AMB's earthquake or flood insurance plus deductible).

- **Security Deposit:** No security deposit is required unless the Port Sublease expires prior to the expiration of the Lease, in which event a security deposit equal to two month's rent will be paid.

- **Assignment**: In the event that the Port consents to an assignment, which consent is not to be unreasonably withheld, the assignor shall be responsible only for obligations prior to the assignment, with the assignee being responsible for obligations after the assignment. The Port will be paid 50% of all net sums received by AMB for the sale and/or assignment of the Lease. (The foregoing does not apply to an assignment in conjunction with the sale of historic tax credits.)

- **Subletting**: The Port will have the right to consent to all subleasing, with consent not to be unreasonably withheld, subject to certain conditions, including that the term of the sublease is not greater than 10 years. Reasonable grounds to deny consent include: (1) The use is inconsistent

with the Lease; (2) AMB has failed to satisfy the Maritime Marketing Program giving priority to trust-related office uses; or (3) the sublease transaction involves an entity which has another lease or business relationship with AMB.

- **Indemnity:** AMB will indemnify the Port.

- **Mitigation**: AMB will be required to contribute to the City's Child Care and Affordable Housing Funds, and to pay a Transit Impact Development Fee. As indicated on Attachment 3, these contributions are estimated to total approximately $1,137,000. AMB must also construct the project in accordance with the mitigation measures attached as Attachment 1.

- **City Requirements**: AMB will comply with all City Requirements, including non-discrimination and equal benefits, and first source hiring.

- **Leasehold Mortgages**: AMB will be permitted to mortgage its leasehold interest (but not the fee) as needed to obtain financing for construction and subsequent improvements.

- **Relation of Lease to Port Sublease**: Under the Development Agreement and the Lease, AMB will develop Pier 1 as a maritime office project and will pay rent to the Port, which is initially set at $1,782,859.00 per year. AMB also will develop office space for the Port in Pier 1, and the value of this space will be included in the monetary consideration that the Port receives from Pier 1

  Specifically, the transaction will be structured whereby AMB, per a separate Port Sublease, will sublease back to the Port 45,630 usable sq. ft. of office space at The Embarcadero end of the Premises. AMB and the Port have the right to offset the rent due the other party under the Lease and Port Sublease. The parties will pay the net amount of rent due the other party. Thus, if the rent due from AMB to the Port under the Lease is greater than the rent due from the Port to AMB under the Port Sublease, net rent will be paid by AMB to the Port, and conversely, if the rent due from the Port to AMB under the Port Sublease is greater than the rent due from AMB to the Port under the Lease, net rent will be paid to AMB. Over time, significant net surpluses to the Port are projected.

Port Sublease

The Port Sublease, which will also be delivered through escrow, will include the following business terms:

- **Term**: The term will commence when the leasehold improvements to be performed by AMB are substantially completed, and shall expire concurrent with the expiration date of the Lease.

- **Sublease Premises:** 45,630 usable sq. ft., or 52,475 rentable sq. ft. (with a 15% load), including the bulkhead building and the west end of Pier 1 (toward The Embarcadero), representing 34.6% of the usable area, as shown on the attached Site Plan. The Sublease Premises will not include the Historic Railroad Corridor transversing the Sublease Premises, which will be a part of the common area.

- **Permitted Use:** General office use and meeting use.

- **Base Rent**: Initial Base Rent of $1,836,608.00 ($35.00 per rentable sq. ft., triple rent), or $153,052.00 per month. Base Rent will be increased by 18.5% at the fifth anniversary. Base Rent will also be adjusted to fair market value on each tenth anniversary, but not to less than the Initial Base Rent. The Base Rent under the Port Sublease is to be offset against the Minimum Rent and Participation Rent under the Lease, as discussed above.

- **Utilities, Service, Maintenance and Repairs:** AMB will furnish the Sublease Premises with electricity, water, and heating, air conditioning and ventilation. The Port shall be responsible for services and maintenance within the Sublease Premises and within the Historic Railroad Corridor, which it can perform using Port employees or its contractors. AMB will be responsible for services and utilities to the Public Areas. AMB shall be responsible for maintaining the Building Structure, the Building Systems, and the Public Areas.

- **Reimbursement for Operating Expenses and Taxes:** The Port is to reimburse AMB for its prorata share of Operating Expenses incurred in connection with the ownership, management, operation, and repair and maintenance of the Premises, excluding certain expenditures, such as capital expenditures, rent paid under the Lease, repair of damage covered by insurance to be carried by AMB, depreciation, interest and other debt service, and services which AMB provides separately to other tenants. While the Port will be responsible for also reimbursing AMB for certain taxes and other impositions, it will not be responsible for reimbursing possessory interest taxes or other taxes if its tenancy is exempt. The Sublease is being structured in a manner to achieve the exemption from possessory interest taxes, but there is a risk that the assessor in the future could make a different interpretation and impose possessory interest taxes.

- **Option to Expand**: Upon each ten-year anniversary of the Port Sublease, the Port shall have the option to expand into space located between the Port and AMB spaces. This expansion option will be for up to approximately 12,000 sq. ft. at each 10-year anniversary, with a maximum of approximately 30,000 sq. ft. over the term.

- **Right to Purchase Leasehold Interest**: The Port shall have the right throughout the term of the Lease to purchase back from AMB the leasehold interest relating to the Sublease Premises by paying AMB the present value of the remaining leasehold term.

- **Initial Tenant Improvements**: AMB shall construct the Port's tenant improvement in the Sublease Premises on a "turn-key" basis. Improvements up to the standard allowance of $40.00 per sq. ft. (including architecture, engineering and general conditions) will be covered by the Base Rent. The Port will reimburse AMB for Port tenant improvements which are in excess of $40.00 per sq. ft., amortized over 15 years at 9% per annum.

- **Assignments/Subletting:** AMB shall have the right to consent to any assignment or sub-letting of the Sublease Premises, which consent is not to be unreasonably withheld, and the Port shall pay to AMB 50% of any transfer premium it receives. This consent and transfer premium will

not apply for assignment or subletting of the entire Sublease Premises to a successor agency of the City or the State of California.

- **Indemnity:** The Port will indemnify AMB against claims or losses arising on the Port's Sublease Premises.

- **Appropriations**: The Port's obligation to pay rent under the Port Sublease is subject to an annual Board appropriation. In order to provide AMB with certain necessary assurance, the Port agrees that it will not ask the Board of Supervisors for other appropriation for other premises serving the same function as its Pier 1 offices at the expense of an adequate appropriation to pay rent under the Port Sublease. In addition, if the Port Sublease terminates as a result of the Board's failure to appropriate adequate funds for the Port's rent, AMB may offset its lost Port Sublease revenues against rent due under the Lease, subject to a duty to relet and mitigate damages.

D. Schedule of Performance

The schedule of performance for AMB under the Development Agreement, which is subject to force majeur, is attached as Attachment 4.

E. Scope of Development

The Scope of Development for the Pier 1 project to be undertaken by AMB under the Development Agreement is attached as Attachment 5.

F. Schematic Drawings

The Schematic Drawings, which have been reviewed by and received favorable support from the Waterfront Design Advisory Committee, are attached as Attachment 6.

G. Program in Diversity

AMB has prepared a Program in Diversity, which has been reviewed and approved by the City Attorney's Office and by the City Human Rights Commission's representative.

IV. PROJECT ANALYSIS

The following table presents a financial analysis comparing the rent from the Lease and Port Sublease under three scenarios:

- **Base Scenario A**: Reflects the Minimum Rent stipulated in the Lease, which assumes that (1) the Total Construction Costs do not exceed the Construction Budget, and (2) Historic Tax Credits are received. This Minimum Rent is subject to limited adjustments after construction is completed, as discussed above and illustrated in Scenarios B and C.

- **Scenario B**: Assumes that (1) the Total Construction Costs equal or exceed the 15% guaranteed contingency, and (2) Historic Tax Credits are received.

- **Scenario C**: Assumes that (1) the Total Construction Costs equal or exceed the 15% guaranteed contingency, and (2) Historic Tax Credits are not received.

FINANCIAL ANALYSIS

	Base Scenario A	Scenario B	Scenario C
Assumptions:			
Construction & Design Contingency	0%	15%	15%
Port's 50% Share of Historic Tax Credits	$ 3,031,608	$ 3,375,712	-0-
Total Development Costs (After credit for Port's share of historic tax credits):	$34,511,526	$38,428,772	$41,804,485
Projected AMB Rent to Port under Lease			
Year 1	$ 1,782,859	$ 1,351,962	$ 980,633
Year 6	$ 2,298,928	$ 1,868,031	$ 1,496,703
Projected Port Rent to AMB under Port Sublease (including amortization of over standard tenant improvements)			
Year 1	$ 1,903,608	$ 1,903,608	$ 1,903,608
Year 6	$ 2,243,380	$ 2,243,380	$ 2,243,380
Projected Net Rent to Port (or to AMB) after offsetting Port Sublease Rent:			
Year 1	$(120,749)	$(551,646)	$(922,974)
Year 6	$ 55,548	$(375,349)	$(746,677)
Annual Average – 50 Year Term	$ 1,270,532	$ 839,635	$ 468,307
First Year Rent to Port Projected to Exceed Port Sublease Rent:	6	16	21

As indicated in the above table, the Port is expected to receive annual rent of approximately $1.0-1.8 Million from Pier 1 (as compared to current revenues of only $354,237). The Port will use these rental payments to offset its rental obligations under the Port Sublease.

Other benefits to the Port include:

- Implementing the goals and objectives stated in the Port's *Waterfront Land Use Plan*.

- Seismically upgrading Pier 1, and protecting this historic maritime resource.
- Preserving Pier 1, which is on the National Register of Historic Places, consistent with the Secretary of Interior's Standards for Rehabilitation.
- Supporting maritime commerce in the form of high quality maritime office space for the Port and other maritime businesses.
- Promoting public access to the Bay.
- Creating environmentally sensitive office space based upon natural ventilation and an innovative radiant heating and cooling system using the Bay for heat exchange.
- Relocating the Port's administrative offices to facilitate the renovation and preservation of the Ferry Building.
- Having new tenant improvements constructed for the Port, and establishing a highly visible and accessible public presence for the Port in this new space fronting on The Embarcadero.
- Providing high quality facilities for public meetings.

V. RECOMMENDATION

Port staff recommends approval of the Development Agreement between the Port and AMB for the development of Pier 1 in conformance with the terms described above, and recommends approval of the Schematic Drawings attached hereto as Attachment 6.

Prepared by Kirk Bennett
Manager, Waterfront Development Projects

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PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-17

WHEREAS, in 1997 the San Francisco Port Commission ("Commission") adopted the Waterfront Land Use Plan, including the Design and Access Element ("Waterfront Plan") after an intensive seven year planning process that culminated in the Board of Supervisors and Planning Commission adopting conforming amendments to the City's General Plan and Planning Code; and

WHEREAS, the Waterfront Plan includes Pier 1 within the Ferry Building Area and summarizes objectives for that Area as follows:

"A central objective for this area is the preservation and restoration of historic structures, particularly the Ferry Building and former U.S. Agricultural Building which are listed on the National Register of Historic Places." The area objectives promote waterborne commute and recreational travel and enjoyment, and the restoration of the area as a major intermodal transit center for the City. To complement existing and new ferry, excursion boat, water taxi, historic ship and recreational boat moorings, other commercial and public uses are permitted.... Together, these uses should emphasize the civic importance of the area, draw people into the Ferry Building, and establish the area as a destination in its own right. The ...Plan emphasizes the importance of ensuring that the Ferry Building and environs are physically and visually integrated with their spectacular City and Bay settings, thus re-establishing the area as a gateway to the City. This includes extending the Port Walk through the area to provide more convenient, direct and aesthetically pleasing public access connections to open space and the Bay. The high cost of renovating the Ferry Building and other historic structures in the area will require the Port to pursue a mix of public and private resources in order to achieve an appropriate quality and mix of uses. Fortunately, because of its central downtown location, the Ferry Building Waterfront offers perhaps the best opportunity for a successful public and private partnership to provide new public amenities, jobs and other benefits to the Port, the City and the region." (Waterfront Plan, Executive Summary at p.10.); and

WHEREAS, Port Commission approval of the Pier 1 Development Agreement and Lease is in furtherance of an overall program of harbor development for the Ferry Building Area that to date has included numerous actions consistent with the Waterfront Plan policies and objectives for the Ferry Building Area, all as outlined in the attached Exhibit A, entitled "Ferry Building Area Plan Implementation"; and

WHEREAS, the Commission has complete authority to do all things it deems necessary in connection with the use, conduct, operation, management, maintenance, regulation, improvement and control of the harbor of San Francisco which are

not prohibited by State law or the City Charter and which are in conformance with the Burton Act, including reconstruction and repair of public or commercial buildings, preservation or restoration of marine resources, and the lease of said facilities for limited periods not exceeding 66 years for purposes consistent with the trusts upon which the lands are held by the State and with the requirements of commerce and navigation, all as provided in Section 3 of the Burton Act; and

WHEREAS, the Commission, by its approval of the Pier 1 Development Agreement and Lease ("Lease"), is acting within the scope of the authority granted by Section 3 of the Burton Act because the Lease is necessary to accomplish the preservation of a maritime resource through the reconstruction and repair of the historically significant Pier 1 bulkhead building and shed in furtherance of the policies and objectives of the Waterfront Land Use Plan, which is a purpose consistent with the trusts upon which the lands are held by the State and with the requirements of commerce and navigation, as well as with the Burton Act, and is not prohibited by State law or the City Charter; and

WHEREAS, the Waterfront Plan identified historic preservation as the "central objective" for the Ferry Building area because the Port's most significant historic resources are concentrated there, and preservation will ensure an aesthetic character that will promote maximum public use of the multi-million dollar, publicly funded, Ferry Terminal, waterfront transportation and public access and open space improvements;

WHEREAS, the historical importance and uniqueness of Pier 1, notable for both its historic beaux arts bulkhead building and its substantially unaltered cargo shed, are reflected in its designation as a registered landmark under the National Historic Preservation Act and the California Historic Preservation Act; and

WHEREAS, this designation recognized Pier 1's historic association with San Francisco's prominence in maritime transportation and commerce in the first half of the 20th century, because Pier 1 is a representative example of the City Beautiful-influenced improvements built by the California State Board of Harbor Commissioners during the same period, and it had local significance from 1931 to 1948 in commerce when it was used by a local shipping company that transported refined sugar around the Bay and in transportation when it was used as an overflow berth for passenger ferries; and

WHEREAS, the Lease presents a rare opportunity to preserve an example of the maritime industrial architecture of that era with its integrity of location, design, setting, materials, workmanship, and the presence of many of the original architectural features and details, including:

(1) the neo-classical style of the bulkhead building typically used to evoke government, power and authority;

(2) the grand arched entrance into the bulkhead, recalling classical triumphal arches and symbolizing the port as the gateway to the West Coast and Asia;

(3) a uniquely configured curved southern wall and apron which reflect the historic ferry service at the Ferry Building harbor when ferries docked within spaces shaped to fit the vessels;

(4) an elevated passenger gallery along the northern wall built to accommodate passenger steamships that provides the sole remaining example within San Francisco of such maritime activity; and

(5) a Belt Line Railroad spur from the grand arched entrance to the south apron which required a slight southern offset from center of the arched entrance and higher ceiling heights along its corridor;

all of which will now provide an historical maritime visual frame for the proposed renovation of the Ferry Building and the ferry terminal improvements being developed bayward of the Ferry Building; and

WHEREAS, although preservation of Pier 1 to Secretary of the Interior Standards adds substantially to the reconstruction cost, and limits the range of appropriate and economically effective occupants, the Commission concludes that preservation is the highest and best use of the transferred lands consistent with the trust under which the lands are held; and

WHEREAS, Pier 1 preservation provides multiple benefits by creating an attractive historic maritime aesthetic for the Ferry Building Area to enhance ferry ridership and attract the public, while also preserving an important maritime facility for emergency ferry service or, until a later time, when ferry transit demand may justify bringing the pier back in to service to perform this historic use (long term ferry transit demand is presently under study by the State-funded, Blue Ribbon Water Transit Task Force which is expected to recommend major increases in ferry transit service to meet increased long term demand); and

WHEREAS, time is of the essence if efforts to repair and reconstruct Pier 1 consistent with historic preservation standards are to be accomplished with the least cost burden to public trust resources because maintenance and repair of the facility has been deferred for many years; and

WHEREAS, if the Port is unable to attract private investment to substantially repair and preserve Pier 1, the facility would likely deteriorate further, diminishing the feasibility of historic preservation and with an ultimate replacement cost, estimated in current dollars, of more than $37 million dollars exclusive of interior improvements; and

WHEREAS, the Waterfront Plan recognized that the Ferry Building Area was an uniquely appropriate area to attract private capital to invest in historic preservation of

maritime facilities due to the proximity to the San Francisco Financial District and the intensive public investment in nearby transportation and open space amenities; and

WHEREAS, the Commission concluded that office occupancy of Pier 1 would best support the trust objectives of preserving and reconstructing the historic bulkhead, piershed and substructure and improving public access and use because it is the highest economic use consistent with the architectural limitations of an existing maritime facility not currently required for the use for which it was originally constructed; and

WHEREAS, office use at Pier 1 promotes the Port's overall program of improvements for the Ferry Building Area by providing a place for Port administrative offices thus improving public visibility and enhancing the civic character of the area, creating new first class office space for other maritime office tenants, promoting ferry transit by increasing commuter demand, supporting a richer mix of publicly oriented commercial recreation uses in the Ferry Building because office workers will support businesses during weekdays so that the Ferry Building uses need not be oriented to visitor or weekend recreational users only, and not competing with the public oriented uses at the Ferry Building which is intended to be the focal point for public transportation and recreational uses; and

WHEREAS, the Commission must conserve Port revenue to subsidize those maritime uses and public improvements for which private investment is not economic and therefore, the Port can not directly fund all necessary capital improvements to repair aging Port facilities such as Pier 1 (estimated project cost $37 million); and

WHEREAS, on January 21, 1998, the Commission issued a Request For Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses ("RFI/Q") in order to assess the availability of private investment to achieve its objectives; and

WHEREAS, the RFI/Q identified the following objectives: (1) Rehabilitate the Pier 1 bulkhead building, and the shed if possible, consistent with the Secretary of Interior's Standards, (2) Create a pedestrian public access from Herb Caen Way around the waterside of the Pier; (3) Seismically retrofit the pier substructure and buildings to current standards, (4) Renovate the Facility to current fire and safety and building code standards, (5) Create a minimum of 90,000 rentable square feet of Class A office space for maritime related office uses, including approximately 35,000 to 40,000 rentable square feet of office space which the Port may require for its own administrative offices, and an additional amount of office space which may be occupied by the Master Tenant, (6) Provide a casual dining convenience restaurant, with the

possibility to include other complementary commercial recreation uses, (7) Provide on site parking to support the uses; and

WHEREAS, the Port received responses from four major national developers whose proposals were reviewed and analyzed by Port staff, a selection panel of experts, and an independent financial consultant; and

WHEREAS, on May 26, 1998, the Port Commission chose AMB Property Corporation (hereafter "AMB") to enter into an exclusive negotiation agreement to pursue project development and lease discussions based on its financial capacity, development concept, responsiveness to public access and public trust objectives, and shorter lease term (50 years instead of 66 years) and its commitment to occupying the building as a project manager and co-tenant; and

WHEREAS, notwithstanding that AMB's office use is not in itself a traditional trust use, the Port concluded that the trust purposes to be furthered by the Pier 1 Project were best served by selecting a developer that wished to maintain its headquarters in the project because that developer would be motivated to complete a high quality historic renovation of Pier 1 in a timely fashion; and

WHEREAS, at present, the Port occupies, manages leasing for, and maintains the Ferry Building, whereas the Port would be a tenant after the move to Pier 1, and as the location of the Port's administrative offices with substantial interior and exterior new public access, the Pier 1 Project is a uniquely complex project and requires a high standard of construction and ongoing maintenance which would also be best served by selecting a developer that wished to maintain its headquarters in the project; and

WHEREAS, Port staff and AMB staff and consultants have worked diligently for the past nine months to develop information, resolve potential problems, negotiate financial terms and risk allocation while adhering to the principal project objectives of reconstructing Pier 1 to Secretary of the Interior Standards and providing new Port administrative offices at minimal cost and risk to public trust resources; and

WHEREAS, the Port and AMB have nominated and secured the listing of Pier 1 on the National Register of Historic Places (January 5, 1999) and designed a project that would meet the Secretary of the Interior Standards and, therefore, be eligible for historic preservation tax credits, consistent with the Waterfront Plan policies intended to preserve the strong architectural and historic character of the Ferry Building area; and

WHEREAS, abundant public access opportunities are incorporated for observing the historic maritime architectural features, with elements visible both from the interior and exterior of the building, the most prominent of which is the exposed structural steel roof support system within the shed portion of the

building, including (a) a roof structure consisting of parallel roof trusses at thirty feet on center, and (b) trusses, built of back-to-back structural angles, supported by wide-flange steel columns, easily viewed through the arched entrance of the bulkhead building, from the rail track corridor, and through numerous large windows located along the publicly accessible south, east and north aprons of the building; and

WHEREAS, within the building the new second floor structural system is pulled away from the exterior wall in order to permit unimpeded views of the character-giving concrete walls that define the shed building from the public agency and other office areas; and

WHEREAS, the preservation of Pier 1 through adaptive reuse as proposed also furthers the important trust purpose of enhancing public access to and enjoyment of tidelands by: (1) including the first component of a new bayside walkway (planned in conjunction with BCDC and the Save San Francisco Bay Association) which is a publicly accessible interior corridor that follows the old Belt Line Railway connection through the central archway of the bulkhead building to the southern apron of the pier, ultimately to be continued northerly through a combination of historic buildings and bayside decks before arriving at the Pier 7 Fishing Pier, (2) creating opportunities to view the historically important interior aspects of the shed structure by retaining visual transparency above ground floor uses through the full height of the central portion of the building, as well as the railroad track corridor from the archway to the south apron, (3) designing the office lobby of the office space in the central portion of the building to open into the public access area, thereby enhancing the importance of this public area and ensuring high quality maintenance, (4) providing connections to proposed significant public access areas in the Ferry Building Area, and (5) by retaining and enhancing existing Bay-oriented commercial recreation in the form of a small restaurant in the Pier 1 bulkhead building; and

WHEREAS, during the period of exclusive negotiations the Pier 1 project was modified in certain respects to reflect new information, most notably by the elimination of on-pier parking in order to increase rentable square footage to compensate for much higher anticipated development and construction cost of more than $37 million dollars; and

WHEREAS, the Lease with AMB will promote maritime commerce by creating inviting new street level office space for the Port of San Francisco in the historic bulkhead building and adjacent shed, allowing much improved public visibility and accessibility as well as greater organizational efficiency; and

WHEREAS, the Lease also serves the important objective of accommodating the historic renovation of the Ferry Building by allowing the Port to vacate its existing

office space in the Ferry Building to accommodate the rehabilitation project; and

WHEREAS, the Lease and Development Agreement provide for the following allocation of the 190,904 square feet of space subject to Lease: Port will occupy 52,475 rentable square feet (27%), dedicated public access will occupy 39, 340 square feet (21%), restaurant space will occupy 1,876 rentable square feet (1%), priority maritime office use subject to a Maritime Marketing Program will occupy 57,791 square feet (30%) with AMB's office use occupying 39,422 rentable square feet (21%); and

WHEREAS, any change in the type of square footage of the permitted uses requires the prior consent of the Port, which may be withheld if the Port Commission determines that such changes would be inconsistent with the Port's responsibilities as trustee of the transferred lands; and

WHEREAS, the Port's tenancy of the premises is provided for under a sublease that is coterminous with the 50 year Lease; and

WHEREAS, AMB must implement a Maritime Marketing Program, subject to Port approval, to attract maritime office users and must use good faith efforts to lease any available space in this category to a bonafide maritime office use, and should those efforts fail to produce such a tenant at any time over the 50 year term of the Lease, AMB is limited to leasing the space for a ten year term to another user, provided that the Port has not exercised its option to expand into the available space; and

WHEREAS, for reasons set forth herein the Commission finds that the Lease and Development Agreement are necessary to accomplish the preservation, reconstruction and repair of the historically significant Pier 1 bulkhead and piershed structures in furtherance of the policies and objectives of the Waterfront Plan, which is a purpose consistent with the trusts upon which the lands are held by the State and with the requirements of commerce and navigation; and

WHEREAS, in so finding the Commission is acting consistent with the public trust doctrine as established in California case law and attorney general decisions; and

WHEREAS, the California Supreme Court has upheld the lease of trust lands to private interests to achieve trust purposes; and

WHEREAS, Section 3 of the Burton Act authorizes the Port Commission to enter into 66 year leases provided that the revenues from such leases shall be used for purposes consistent with the trust; and

WHEREAS, the Lease and Development Agreement are for a term of only 50 years, and revenue from the Lease will be used to pay for the Port's occupancy of its

administrative offices at the reconstructed pier and such other purposes as may be established through the Port and City budget and fiscal process intended to ensure that Harbor Fund revenues are expended for trust purposes as required under the Burton Act; and

WHEREAS, the Lease is not prohibited by State law, in fact, the administrator of the McAteer-Petris Act, BCDC, has specifically recognized the importance of historic preservation as a public trust purpose in Section 10704 of the BCDC Regulations which permits fill for the protection of historic structures eligible for the National Register, such as Pier 1 and the Ferry Building (Cal. Admin. Code, Title. 14, § 10704.); and

WHEREAS, for the reasons set forth herein the Commission finds that the Lease and Development Agreement are in conformance with the Burton Act and are not prohibited by State law; and

WHEREAS, the Lease and Development Agreement conform to all local laws and regulations and are not prohibited by the Charter; and

WHEREAS, Section 5 of the Burton Act provides that the Commission has authority to use revenues accruing from the use of the transferred lands for the purpose of reconstruction or repair of bulkheads and piers necessary for the development of the transferred lands for highest and best use in the public interest, provided that such purpose complies with the terms of the trust which are matters of statewide as distinguished from local or purely private interest and benefit; and to promote maximum public use of the transferred lands and encourage private investment in development of such transferred lands for the highest and best use in the public interest; and

WHEREAS, the Commission, by its approval of the Development Agreement and Lease, acts within the scope of authority granted by Section 5 of the Burton Act, because Port revenues derived from the transferred lands are being used:

(1) to preserve, reconstruct and repair the Pier 1 bulkhead building and piershed which (a) promotes statewide, as distinguished from local or purely private, interest and benefit by preserving and restoring an historically and architecturally significant maritime trust asset as part of an integrated and highly beneficial program of development of the Ferry Building Harbor Area intended to promote statewide interests by encouraging waterborne transit, improving navigation in the Harbor and enhancing public use and enjoyment by preserving the historic maritime aesthetic qualities of the Ferry Building Area properties, and (b) is necessary for the development of the Pier 1 facilities for the highest and best use in the public interest ---which is a unique mix of public trust uses described herein; and,

(2) to promote maximum public use of the transferred lands in the Ferry Building Area by: (a) assuring historic preservation of the Pier 1 bulkhead and

piershed buildings thus enhancing the public's enjoyment of the historic maritime aesthetic of the Ferry Building Harbor Area; and (b) creating additional public access, both through the interior of the historic bulkhead and piershed and around the entire pier perimeter, thereby achieving the Port's design plan for public access along the northern boundary of the Ferry Building harbor and attracting the public to enjoy the views of the harbor and to learn about and appreciate the pier's historic maritime function, and (c) facilitating achievement of the preservation of the historic Ferry Building and its restoration as the gateway to the City for waterborne passengers by providing facilities for the relocation of the Port's administrative offices to the publicly accessible Pier 1 bulkhead; and

(3) to encourage private investment in development of such transferred lands for the highest and best use in the public interest by soliciting, through a competitive process, the participation of AMB to fund the more than $37 million investment required to reconstruct and repair the historic maritime facility for a unique mix of trust purposes; and

WHEREAS, the Lease and Development Agreement are consistent with the Waterfront Land Use Plan and San Francisco General Plan policies and further Port objectives as set forth below; and

WHEREAS, the Pier 1 Project, with its proposed public access, open space, office and restaurant use is consistent with the Waterfront Plan's designation of acceptable land uses for Pier 1, including maritime uses, open space/public access, and commercial uses such as assembly and entertainment, offices, retail and parking; and

WHEREAS, Waterfront Plan policies that emphasize the civic importance of the area and encourage waterfront activities that serve San Franciscans and visitors alike are supported by the Pier 1 Project's accommodations for Port offices with direct access from The Embarcadero, by making the Port's meeting rooms available in conjunction with adjoining indoor and outdoor public access areas as places of public meetings and assembly when not needed for the Port's purposes, by attracting other maritime and incidental office uses, and by the retention of the existing Pier 1 restaurant; and

WHEREAS, the Pier 1 Project's continuous perimeter public access and rail track public corridor follow the historic Belt Line Railroad track from the central arch of the bulkhead building to the south apron public promenade and implements the Waterfront Plan objective of extending the PortWalk through the area and public connections to open space areas and the Bay; and

WHEREAS, the Waterfront Plan calls for pursuing a mix of public and private resources to achieve an appropriate quality and mix of uses, which the Port is accomplishing at Pier 1 by its development agreement and lease with AMB Property Corporation to provide for the rehabilitation and long term

maintenance of this historic maritime resource with its associated public access areas; and

WHEREAS, the Pier 1 office, public access and restaurant uses will enhance, complement and benefit the transportation-related functions planned for the Ferry Building consistent with the Waterfront Plan development guidelines for the Pier; and

WHEREAS, the Pier 1 Project's café, its preservation of both the Pier 1 bulkhead and piershed building to the Secretary's standards, and its continuous perimeter public access and rail track corridor are consistent with the Waterfront Plan's development standards that call for encouraging cafes along the north side of The Embarcadero to take advantage of the afternoon sun, for preserving the Pier 1 to Pier 5 bulkhead and connector buildings according to the Secretary's Standards, and for extending a waterside PortWalk from Pier 1 to Herb Caen Way; and

WHEREAS, the Pier 1 project has been designed to support the Waterfront Plan Design and Access policies by preserving and adaptively reusing the Pier 1 historic buildings, providing continuous perimeter public access connecting to Herb Caen Way, opening views to the water consistent with retaining historic structures, utilizing the central arched entry for the Port's offices, meeting the Secretary's Standards, and retaining light colors similar to its historic colors; and

WHEREAS, the Pier 1 project is consistent with the San Francisco General Plan's Northeastern Waterfront Plan ("Northeastern Waterfront Plan") objectives and policies designed to contribute to the waterfront's environmental quality, enhance the economic vitality of the Port and the City, preserve the unique maritime character, and provide for the maximum feasible visual and physical access to and along the Bay because the project restores and adaptively reuses the historic qualities of this maritime building, facilitates the rehabilitation of the Ferry Building, and provides maximum feasible visual and physical public access; and

WHEREAS, the Northeastern Waterfront Plan's Recreation and Open Space objective calls for strengthening and expanding the recreation character of the northeastern waterfront and developing a continuous system of public open spaces and recreation facilities which policies the Pier 1 plan supports, with its continuous perimeter public access, its visual and physical opening to the Bay at its northern end, and its public access "rail track corridor" following an historic pathway into and through the building, framing a view of the Bay and the Bay Bridge; and

WHEREAS, the Pier 1 project is consistent with the Northeastern Waterfront Plan's Urban Design policies calling for retention of older buildings of architectural merit or historical significance to preserve the architectural and historical character of the waterfront and ensure the compatibility of new development, and, more

specifically calling for retention of the arched bulkhead building structures such as Pier 1 which policies are met by this project's adaptively reusing the historic structures consistent with the Secretary's Standards; and

WHEREAS, the Northeastern Waterfront Plan's Urban Design policies for adaptive reuse of piers with sheds are met by the Pier 1 proposal's providing appropriately designed peripheral public access suitable for a variety of uses, and incorporating innovative energy conservation features which include use of Bay water for heating and cooling and operable windows and exhaust ventilators for natural air circulation and cooling; and

WHEREAS, the Northeastern Waterfront Plan's physical design policies for Pier 1 are met by the Pier 1 proposal's retaining not only the historic bulkhead building but also the historic piershed, providing continuous perimeter public access, and creating the innovative "rail track corridor;" and

WHEREAS, the Northeastern Waterfront Plan calls for establishing a joint interagency design review process and the City and Port have established a Design Advisory Committee including representatives of the Mayor's Office, Planning Department and Port, with a standing invitation for BCDC's participation which BCDC staff are currently considering; and

WHEREAS, while the Design Advisory Committee does not have formal jurisdiction over the Pier 1 project because it is a maritime project, the Committee reviewed the proposed Pier 1 project on an informal basis on October 28, 1998, December 12, 1998, and January 27, 1999; and expressed its concurrence with the project as reflected in the Schematic Drawings for Pier 1 dated January 19, 1999; and

WHEREAS, the San Francisco Zoning Map places Pier 1 within a C-2 (Community Business) use district and 84-X-1 Height and Bulk district as set forth in Planning Code Article 2, Use Districts, and Article 2.5, Height and Bulk Districts, and the proposed Pier 1 uses and its height and bulk are consistent with applicable Planning Code provisions for these districts; and

WHEREAS, Planning Code Sec. 161(b) provides for exemptions from off-street loading requirements where access would cause serious disruption to pedestrian traffic on a sidewalk 25 feet or more in width, as is the case with the Embarcadero Promenade (Herb Caen Way); and

WHEREAS, Planning Code Sec. 161(f) provides for a reduction in off-street parking requirements, in recognition of the policies set forth in the Northeastern Waterfront Plan, the unique nature of the area and the difficulty of providing vehicle access thereto, subject to specified criteria, and the San Francisco Planning Department by letter of February 16, 1999, granted the Pier 1 project an exemption from all Planning Code off-street parking requirements,; and

WHEREAS, The San Francisco Bay Commission ("BCDC") has adopted the San Francisco Bay Plan ("Bay Plan"), the San Francisco Waterfront Special Area Plan ("Special Area Plan") and the San Francisco Waterfront—Piers 7 Through 324—Total Design Plan ("Total Design Plan") and carries out its responsibilities in accordance with the California Code of Regulations, Title 14, Natural Resources, Division 5, San Francisco Bay Conservation and Development Commission ("BCDC Regulations"); and

WHEREAS, the Special Area in accordance with general Bay Plan policies calls for providing maximum feasible public access, with particular attention to provision of perimeter public access along the platform edge, and the Pier 1 project meets those standards by proposing only such minor fill as is necessary to provide a strong connection with the Embarcadero Promenade (Herb Caen Way) on the south side of Pier 1 and to provide uniform and sufficiently-sized perimeter public access on the north and east pier aprons; and

WHEREAS, the Special Area Plan states that office uses may be permitted along the existing shoreline in conformity with city plans if maximum feasible access to the Bay is provided, and the subsequent and more specific Total Design Plan explicitly calls for office uses on Pier 1, as is proposed by this project; and

WHEREAS, the Special Area Plan Design Recommendations call for retaining older buildings of architectural merit or historic significance, in order to preserve the historical continuity of the waterfront, and call for preserving pier entrance arches and incorporating them into designs for new development, for historic continuity and aesthetic reasons, as is proposed by this project; and

WHEREAS, the Total Design Plan's Open Space, Public Recreation and Public Access Guidelines ("Guidelines") call for designing open spaces to maximize sun exposure, wind protection, noise buffering, and to create a sense of security, calls for designing and locating a consistent set of street furniture, including such items as seating, trash cans, signs and plaques, along the promenade and open space piers, and describing the historical significance of the area and the natural resources of the Bay with signs and plaques, as is proposed by the Pier 1 project; and

WHEREAS, the Total Design Plan's Building Design Guidelines call for preserving the bulkhead building on Piers 1 to 3, and their bulkhead arches, as is proposed by this project; and

WHEREAS, the Total Design Plan includes Site Specific Guidelines and Development Program for Pier 1 which are met by the Pier 1 project's removing the parking, providing 37,500 square feet of continuous peripheral public access, and retaining and rehabilitating the bulkhead building and piershed for about

140,000 square feet of office uses and 1,500 square feet of commercial facilities; and

WHEREAS, the Commission hereby adopts the following findings with respect to the Final Negative Declaration for the Pier 1 Project, case file no. 98.646E, ("the Project"):

1. The Department of City Planning ("Department"), fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. seq., "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 et. seq., "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"), and

2. Pursuant to CEQA § 21094 and CEQA Guideline § 15162, the Project Negative Declaration is tiered from the Waterfront Land Use Plan Environmental Impact Report ("Waterfront Land Use Plan EIR") certified by the San Francisco Planning Commission on January 9,1997, and

3. In accordance with CEQA § 21166, the Project is consistent with the Waterfront Land Use Plan, is consistent with the San Francisco General Plan and Planning Code requirements, and as relevant with respect to this project (1) no substantial changes are proposed which would require major revisions to the Waterfront Land Use Plan EIR; (2) no substantial changes have occurred with respect to the circumstances under which the Project is being undertaken which would require major revisions in the Waterfront Land Use Plan EIR; and (3) no new information of substantial importance, which was not known or could not have been known at the time the Waterfront Land Use Plan EIR was certified, has become available, and

4. Based on the Initial Study, the Department determined that there was no substantial evidence that the Project could have a significant effect on the environment, and

5. On December 12, 1998, the Department issued a Preliminary Negative Declaration, and in accordance with CEQA, the CEQA Guidelines, and Chapter 31, the Department posted the document in the Department offices, and mailed a copy of the document to the project sponsor. The Department provided notice of the preparation of a the Preliminary Negative Declaration in a newspaper of general circulation and this notice was mailed to the Department's list of persons requesting such notice, and

6. In accordance with CEQA § 21091(b) and CEQA Guidelines § 15073, the Preliminary Negative Declaration was available for a 30-day public review period; and

7. Two comment letters were received in response to the Preliminary Negative Declaration from the Golden Gate Bridge Highway and

Transportation District and the San Francisco Municipal Railway. The Department responded in writing to the letters and comments from these letters were incorporated into the Final Negative Declaration, and

8. No appeal of the Preliminary Declaration was filed with the Department, and

9. The Department prepared the Final Negative Declaration, which was published on January 21, 1999 and since that time no substantial changes in the project or circumstances under which the project is being undertaken or new information of substantial importance has become available that would require additional analysis or an addendum to the Final Negative Declaration; and

WHEREAS, Port staff and AMB have negotiated the terms of the Development Agreement and its exhibits, including a Lease to AMB and Sublease to the Port, for the development of Pier 1 as a historic rehabilitation project housing the administrative offices of the Port and other office, restaurant and public access uses, the business terms of which are set forth in the memorandum for Agenda Item 7B for the Port Commission meeting of March 9, 1999; and

WHEREAS, a copy of the proposed Development Agreement and its exhibits, including the Lease and Sublease, is on file with the Commission Secretary; and

WHEREAS, Section 6.12(a) of the Development Agreement requires the Port Commission, acting at a public meeting, to review and approve the Schematic Drawings showing the general design of the project; and

WHEREAS, the Waterfront Land Use Plan, including its Design & Access Element provide development standards and design criteria for the project site as more particularly described above; and

WHEREAS, the "Scope of Development" attached to the Development Agreement provides general design objectives and development standards for the project; and

WHEREAS, Port Commission has reviewed the Schematic Drawings for Pier One in accordance with the abovementioned design and development standards; now, therefore, be it

RESOLVED, the Commission has reviewed and considered the Final Negative Declaration and finds that it reflects the independent judgment and analysis of the Department and the Commission, is adequate, accurate, and objective, and that incorporation of the comments resulted in no significant revisions to the Preliminary Negative Declaration, and that there is no substantial evidence that the Project will have a significant effect on the environment, and hereby adopts the Final Negative Declaration; and be it further

RESOLVED, the Commission hereby adopts the mitigation monitoring program prepared for the Project, and attached hereto as Attachment 1; and be it

RESOLVED, that the Port Commission approves the form and substance of the Development Agreement, Lease and Sublease, and the transactions which the Development Agreement, Lease and Sublease contemplate, incorporating the business terms set forth in the Memorandum for Agenda Item 7B for the Port Commission meeting on March 9, 1999; and be it further

RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port (the "Executive Director") after approval by the Board of Supervisors to execute the Development Agreement and upon satisfaction or waiver of the conditions precedent, the Lease and Sublease in substantially the form of such agreements on file with the Commission Secretary including an indemnity to AMB under the sublease with respect to the Port's sublease premises, and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further

RESOLVED, that the Executive Director shall determine satisfaction of the conditions precedent under the Development Agreement to the conveyance of the leasehold estate in the Pier 1 site, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Development Agreement, Lease or Sublease (including, without limitation, preparation and attachment of, or changes to, any or all of the exhibits) that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the City, do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transactions which the Development Agreement, Lease and Sublease contemplate and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Development Agreement, Lease and Sublease and any such amendments thereto; and, be it further

RESOLVED, that the Port Commission authorizes and urges the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions under the Development Agreement, in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by

the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease or the Sublease (including, without limitation, the respective exhibits thereto, including, without limitation, the Work Letter Agreement) that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the Port, do not decrease the rent or otherwise materially increase the obligations or liabilities of the Port, and are necessary or advisable to complete the transaction contemplated in the Lease and Sublease and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, Sublease and any amendments thereto; and, be it further

RESOLVED, that the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Development Agreement, Lease and Sublease; and, be it further

RESOLVED, that the design for Pier One incorporated in the Schematic Drawings for the project reviewed by the Port are consistent with the Port's development objectives and design criteria for the site, as described above; and, be it further

RESOLVED, that the Schematic Drawings for Pier One project are hereby approved.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 1999.

Secretary

Exhibit A to Resolution No. 99-17

EXHIBIT A

FERRY BUILDING AREA PLAN IMPLEMENTATION

The San Francisco Port Commission has undertaken the following actions in furtherance of an overall program of harbor development for the Ferry Building Area consistent with the Waterfront Plan policies and objectives:

To *"[p]reserve and restore historic structures on the Ferry Building Waterfront, both to recall the area's historic use and to accommodate new uses"* the Commission has (1) expended over $1 million on predevelopment analysis for the historic preservation of the Ferry Building; (2) entered into negotiations with a competitively selected development team for the Ferry Building renovation consistent with Secretary of the Interior Standards; and (3) obtained approval for listing Pier 1 bulkhead building and piershed on the National Register of Historic Places; and

To "*[p]rovide maritime facilities for ferry and excursion boats, recreational boats, historic ships, and ceremonial berthing*" the Commission has (1) committed $15 million to fund Phase I of the Downtown Ferry Terminal Project, which adds two ferry berths, provides seismically secure access to those two and four other existing berths, and with Phase II, to be implemented as demand warrants, will add another four ferry berths; (2) entered into a lease through 2012 with Hornblower Dining Yachts at Pier 3 to improve excursion boat opportunities in the Ferry Building area; (3) amended its related lease with Hornblower for the Santa Rosa, also through 2012, to assure the continued presence of the historic ferry boat Santa Rosa at Pier 3; and (4) has reserved to the Port the ability to control berthing of vessels for emergency, ceremonial and other purposes; and

To "*[p]rovide a mix of uses that emphasizes the civic importance of the area, generates waterfront activity and serves San Franciscans and visitors alike*" the Commission has: (1) dedicated land and entered into agreements with the City for the construction of the Mid-Embarcadero Improvements, the most important of which are a world-class public plaza on the land side of the Ferry Building and the extension of the Municipal Railway's F Line to improve public access by providing an inviting and efficient light rail link along the waterfront in historic American and European streetcars; (2) selected a development team for the Ferry Building in order to establish a mix of public, retail, and commercial activities on the ground floor which will attract the public to use waterborne transportation at the Downtown Ferry Terminal and to enjoy the San Francisco waterfront, with commercial office uses in the upper floors to support the overall program; and (3) promoted waterborne transit and recreation through its commitments to ferry service, excursion and historic boats in the area; and

To *"[e]xtend the Port Walk through the area, providing more convenient, direct and aesthetically pleasing public access connections to open space areas and the Bay*" the Commission has: (1) obtained a Bay Conservation and Development Commission

("BCDC") permit for Phase I of the Downtown Ferry Terminal Project which allows for a new public passageway through the Ferry Building from The Embarcadero, and creates continuous perimeter public access around the Ferry Building linking all ferry berths for a total of 36,000 square feet of new public access linking the Embarcadero Promenade (Herb Caen Way) and the Bay, (2) completed State and Federal environmental and historic preservation reviews for Phase II of the Ferry Terminal which will add another 34,000 square feet of new public access linking Herb Caen Way and the Bay, and (3) required the Pier 1 project to provide public access consistent with the Port's Design and Access Element; and

To *"[r]estore the Ferry Building Waterfront as a major transit center by improving transit access and transfers among water and land transportation modes*" the Commission has undertaken the Downtown Ferry Terminal improvements described above, promoted intermodal transit connections by incorporating Amtrak's San Francisco station into the Ferry Building, assisted the Golden Gate Bridge, Highway and Transportation District and the City of Vallejo in providing landside bus service in association with their ferry operations, and has worked with the City and County of San Francisco ("City") to provide the historic streetcar "F-Line" in the median of The Embarcadero, the adjoining bicycle lanes, the generous Herb Caen Way pedestrian promenade, and the trackage connection between the F-Line and the MUNI Metro extension on The Embarcadero; and

To "*[p]rovide efficiently planned parking and loading facilities to serve new activities in the area*", the Commission has included parking, loading and passenger pick-up/drop-off bays on The Embarcadero, requested subsurface rights from the City for an underground parking garage adjoining Justin Herman Plaza in Assessor's Block 202, and incorporated continuation of existing parking in its planning for future uses at Seawall Lot 351 at Washington Street and The Embarcadero; and

To *"[p]hysically and visually integrate the Ferry Building and environs with their spectacular City and Bay settings*", the Commission has approved a Mid Embarcadero design that creates strong connection with the adjoining Financial District and improved public access from Market Street to the water, including improvements such as decorative lighting, paving, railings, benches and other public amenities to enhance the connections with the Bay; and

To *"[p]ursue a mix of public and private resources to achieve an appropriate quality and mix of uses*", the Commission (1) has pursued the above-cited improvements for the Downtown Ferry Terminal Project and Embarcadero Roadway Project, (2) has entered into the above-cited leases with Hornblower Dining Yachts, and (3) has moved forward with efforts to encourage private investment in the historic rehabilitation of the Ferry Building and Pier 1 to achieve maximum public use and the highest and best use in the public interest.

Attachment 1

MITIGATION MEASURES

For purposes herein, the term "project sponsor" shall mean AMB Property Corporation, the Developer under this Development Agreement.

Air Quality

Mitigation Measure 1

- The project sponsor shall require the construction contractor(s) to cover stockpiles of soil, sand, and other material; cover trucks hauling debris soil, sand, or other such material; and sweep surrounding streets during these periods at least once per day to reduce emissions of particulates.

- The project sponsor shall require the construction contractor(s) to maintain and operate construction equipment so as to minimize exhaust emissions of particulates and other pollutants, by such means as prohibiting idling motors when equipment is not in use or when trucks are waiting in queues, and implementing specific maintenance programs to reduce emissions for equipment that would be in frequent use for much of the construction period.

Noise

Mitigation Measure 1

- The project sponsor shall require the construction contractor(s) to limit pile driving activity such that it results in the least disturbance to occupants and users of adjacent and nearby properties. Implementation of this measure may require the construction contractor(s) to obtain a permit for nighttime work from the Director of the Department of Public Works if pile driving during nighttime hours would be the least disruptive to these occupants and users.

Mitigation Measure 2

- The project sponsor shall require the construction contractor(s) for the proposed project to use an hydraulic or vibratory pile driver, if feasible; and to use a state-of-the-art muffler and shield around the pile driver.

Cultural Resources

Mitigation Measure 1

- The project sponsor shall retain the services of an archaeologist. The archaeologist shall evaluate the potential impacts to the New Seawall or other potential archaeological resources. The archaeologist would first determine, in conjunction with the Environmental Review Officer (ERO), whether he/she should instruct all excavation and foundation crews

on the project site of the potential for discovery of archaeological resources, and the procedures to be followed if such resources are uncovered.

The archaeologist shall then design and carry out a program of on-site monitoring of all ground disturbing activities, during which he/she shall record observations in a permanent log. Whether or not there are archaeological finds of significance, the archaeologist shall prepare a written report on the monitoring program that shall be submitted first and directly to the ERO, with a copy to the project sponsor. During the monitoring program, the project sponsor shall designate one individual on site as his/her representative. This representative shall have the authority to suspend work at the site to give the archaeologist time to investigate and evaluate archaeological resources should they be encountered.

Shall evidence of archaeological resources of potential significance be found during the monitoring program, the archaeologist shall immediately notify the ERO, and the project sponsor shall halt any activities which the archaeologist and the ERO jointly determine could damage such archaeological resources. Ground disturbing activities which could damage archaeological resources shall be suspended for a total maximum of four weeks over the course of project construction to permit inspection, evaluation, recommendation, and retrieval of archaeological finds.

After notifying the ERO, the archaeologist shall prepare a written report to be submitted first and directly to the ERO, with a copy to the project sponsor, which shall contain an assessment of the potential significance of the archaeological finds and recommendations for what measures shall be implemented to minimize potential effects on archaeological resources. Based on this report, the ERO shall recommend specific additional mitigation measures to be implemented by the project sponsor.

Mitigation measures might include a site security program; additional on-site investigations by the archaeologist; and/or documentation, preservation, and recovery of archaeological material. Finally, the archaeologist shall prepare a draft report documenting the archaeological resources that were discovered, an evaluation as to their significance, and a description as to how any archaeological testing, exploration and/or recovery program was conducted.

Copies of all draft reports prepared according to this mitigation measure shall be sent first and directly to the ERO for review. Following approval by the ERO, copies of the final report shall be sent to the President of the Landmarks Preservation Advisory Board, California Archaeological Site Survey Northwest Information Center, and agencies involved in overseeing the proposed *Pier 1 Project*. Three copies of the final report shall be submitted to the ERO. Significant archaeological artifacts and samples shall be curated in an appropriate facility or displayed with appropriate interpretation in the public areas of Pier 1.

Attachment 1

Pier 1 Mitigation Monitoring and Reporting Program

PIER 1 PROJECT

MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
AIR QUALITY				
	1. The project sponsor shall require the construction contractor(s) to cover stockpiles of soil, sand, and other material; cover trucks hauling debris soil, sand, or other such material; and sweep surrounding streets during these periods at least once per day to reduce emissions of particulates.	Contractor	Port	Prior to demolition or other dust generating construction activity.
	2. The project sponsor shall require the construction contractor(s) to maintain and operate construction equipment so as to minimize exhaust emissions of particulates and other pollutants, by such means as prohibiting idling motors when equipment is not in use or when trucks are waiting in queues, and implementing specific maintenance programs to reduce emissions for equipment that would be in frequent use for much of the construction period.	Contractor	Port	During demolition
NOISE				
	1. The project sponsor shall require the construction contractor(s) to limit pile driving activity such that it results in the least disturbance to occupants and users of adjacent and nearby properties. Implementation of this measure may require the construction contractor(s) to obtain a permit for nighttime work from the Director of the Department of Public Works if pile driving during nighttime hours would be the least disruptive to these occupants and users.	Contractor	Port	During construction
	2. The project sponsor shall require the construction contractor(s) for the proposed project to use an hydraulic or vibratory pile driver, if feasible; and to use a state-of-the-art muffler and shield around the pile driver.	Contractor	Port	During construction

Attachment 1
Pier 1 Mitigation Monitoring and Reporting Program

PIER 1 PROJECT — DRAFT MITIGATION

MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
CULTURAL RESOURCES				
	1. The project sponsor shall retain the services of an archaeologist. The archaeologist shall evaluate the potential impacts to the New Seawall or other potential archaeological resources. The archaeologist would first determine, in conjunction with the Environmental Review Officer (ERO), whether he/she should instruct all excavation and foundation crews on the project site of the potential for discovery of archaeological resources, and the procedures to be followed if such resources are uncovered.	Contractor	Port of SF	Prior to any subsurface construction
	The archaeologist shall then design and carry out a program of on-site monitoring of all ground disturbing activities, during which he/she shall record observations in a permanent log. Whether or not there are archaeological finds of significance, the archaeologist shall prepare a written report on the monitoring program that shall be submitted first and directly to the ERO, with a copy to the project sponsor. During the monitoring program, the project sponsor shall designate one individual on site as his/her representative. This representative shall have the authority to suspend work at the site to give the archaeologist time to investigate and evaluate archaeological resources should they be encountered.	Contractor	Port of SF	the on-site representative shall be designated prior to the start of construction. The reporting shall continue throughout the excavation and foundation phase of the project
	Shall evidence of archaeological resources of potential significance be found during the monitoring program, the archaeologist shall immediately notify the ERO, and the project sponsor shall halt any activities which the archaeologist and the ERO jointly determine could damage such archaeological resources. Ground disturbing activities which could damage archaeological resources shall be suspended for a total maximum of four weeks over the course of project construction to permit inspection, evaluation, recommendation, and retrieval of archaeological finds.	Contractor	Port	Throughout construction, in the event cultural resoruces are encountered.

Attachment 1
Pier 1 Mitigation Monitoring and Reporting Program

PIER 1 PROJECT

MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
Cultural Resources, cont'd.	After notifying the ERO, the archaeologist shall prepare a written report to be submitted first and directly to the ERO, with a copy to the project sponsor, which shall contain an assessment of the potential significance of the archaeological finds and recommendations for what measures shall be implemented to minimize potential effects on archaeological resources. Based on this report, the ERO shall recommend specific additional mitigation measures to be implemented by the project sponsor.	Contractor	Port of SF	Throughout construction as necessary.
	Mitigation measures might include a site security program; additional on-site investigations by the archaeologist; and/or documentation, preservation, and recovery of archaeological material. Finally, the archaeologist shall prepare a draft report documenting the archaeological resources that were discovered, an evaluation as to their significance, and a description as to how any archaeological testing, exploration and/or recovery program was conducted.	Contractor	Port of SF	Throughout construction as necessary.
	Copies of all draft reports prepared according to this mitigation measure shall be sent first and directly to the ERO for review. Following approval by the ERO, copies of the final report shall be sent to the President of the Landmarks Preservation Advisory Board, California Archaeological Site Survey Northwest Information Center, and agencies involved in overseeing the proposed Ferry Building Renovation Project. Three copies of the final report shall be submitted to the ERO. Significant archaeological artifacts and samples shall be curated in an appropriate facility or displayed with appropriate interpretation in the public areas of Pier 1.	Contractor	Port of SF	Throughout construction as necessary.

ATTACHMENT 2

LINES -- PARCEL 2

LINE	BEARING	DISTANCE
L4	N87°18'01"E	37.24'
L5	N54°57'20"E	65.93'
L6	N35°02'40"W	15.00'
L15	S57°51'04"W	97.51'

CURVES -- PARCEL 3

CURVE	RADIUS	CENTRAL ANGLE	ARC LENGTH
C4	6.00'	90°00'00"	9.42'
C5	6.00'	90°00'00"	9.42'
C1	14.00'	90°00'00"	21.99'
C2	14.00'	90°00'00"	21.99'

LINES -- PARCEL 4

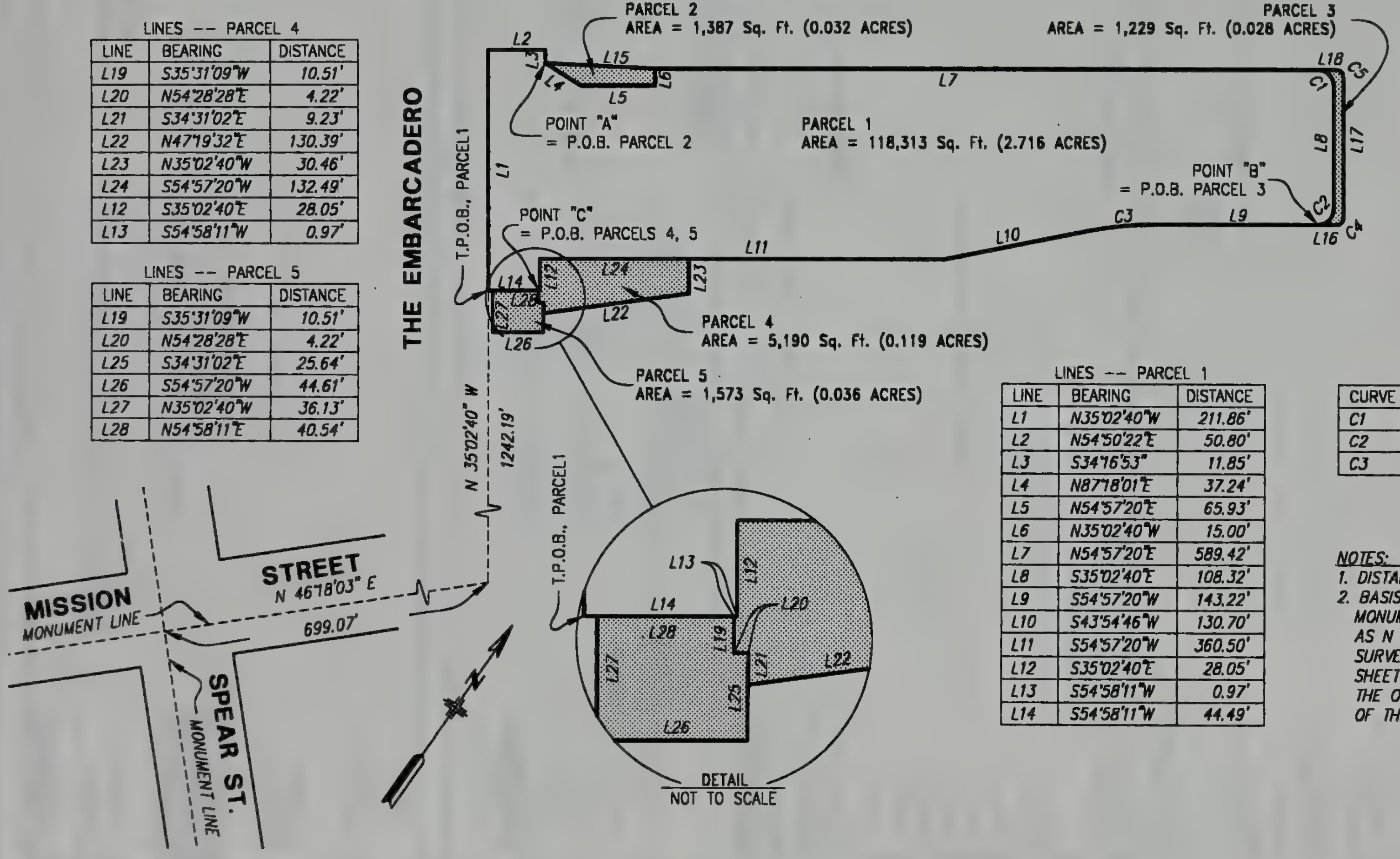
LINE	BEARING	DISTANCE
L19	S35°31'09"W	10.51'
L20	N54°28'28"E	4.22'
L21	S34°31'02"E	9.23'
L22	N47°19'32"E	130.39'
L23	N35°02'40"W	30.46'
L24	S54°57'20"W	132.49'
L12	S35°02'40"E	28.05'
L13	S54°58'11"W	0.97'

LINES -- PARCEL 5

LINE	BEARING	DISTANCE
L19	S35°31'09"W	10.51'
L20	N54°28'28"E	4.22'
L25	S34°31'02"E	25.64'
L26	S54°57'20"W	44.61'
L27	N35°02'40"W	36.13'
L28	N54°58'11"E	40.54'

LINES -- PARCEL 3

LINE	BEARING	DISTANCE
L16	N54°57'20"E	16.51'
L17	N35°02'40"W	124.31'
L18	S54°57'20"W	16.51'
L4	S35°02'40"E	108.32'


PARCEL 2
AREA = 1,387 Sq. Ft. (0.032 ACRES)
PARCEL 3
AREA = 1,229 Sq. Ft. (0.028 ACRES)
L2
L3
L4
L15
L5
L6
L7
L18
C5
C1
L8
L17
POINT "A"
= P.O.B. PARCEL 2
PARCEL 1
AREA = 118,313 Sq. Ft. (2.716 ACRES)
POINT "B"
= P.O.B. PARCEL 3
C2
L16
C4
C3
L9
L10
L11
THE EMBARCADERO
T.P.O.B., PARCEL1
L1
POINT "C"
= P.O.B. PARCELS 4, 5
L14
L28
L12
L24
L23
L27
L22
L26
PARCEL 4
AREA = 5,190 Sq. Ft. (0.119 ACRES)
PARCEL 5
AREA = 1,573 Sq. Ft. (0.036 ACRES)
N 35°02'40" W
1242.19'
T.P.O.B., PARCEL1
L13
L20
L19
L21
L25
DETAIL
NOT TO SCALE
MISSION
MONUMENT LINE
STREET
N 46°18'03" E
699.07'
SPEAR ST.
MONUMENT LINE
N

LINES -- PARCEL 1

LINE	BEARING	DISTANCE
L1	N35°02'40"W	211.86'
L2	N54°50'22"E	50.80'
L3	S34°16'53"	11.85'
L4	N87°18'01"E	37.24'
L5	N54°57'20"E	65.93'
L6	N35°02'40"W	15.00'
L7	N54°57'20"E	589.42'
L8	S35°02'40"E	108.32'
L9	S54°57'20"W	143.22'
L10	S43°54'46"W	130.70'
L11	S54°57'20"W	360.50'
L12	S35°02'40"E	28.05'
L13	S54°58'11"W	0.97'
L14	S54°58'11"W	44.49'

CURVES -- PARCEL 1

CURVE	RADIUS	CENTRAL ANGLE	ARC LENGTH
C1	14.00'	90°00'00"	21.99'
C2	14.00'	90°00'00"	21.99'
C3	313.25'	11°02'34"	60.38'

NOTES:

1. DISTANCES SHOWN ARE GROUND DISTANCES.
2. BASIS OF BEARINGS IS THE BEARING OF THE MONUMENT LINE OF MISSION STREET, SHOWN AS N 46° 18' 03" E, ON THE MAP TITLED SURVEY "E" OF THE HARBOR COORDINATE SURVEY, SHEET 6460 - 409 TO 414 - 2, ON FILE IN THE OFFICE OF THE CHIEF HARBOR ENGINEER OF THE PORT OF SAN FRANCISCO, CALIFORNIA.

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE ______________

____
CHIEF HARBOR ENGINEER

PORT OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
DEPARTMENT OF ENGINEERING

PIER 1
PUBLIC ACCESS AREAS

DESIGNED BY: K. BENNETT		CHECKED BY: ---	
DRAWN BY: AMN		DATE: 04 JAN 99	
DATA FILE: ---		SCALE: 1" = 160'	
DRAWING NO. PUB_ACC.DWG		SHEET NO. 1	OF 1 SHEETS

ATTACHMENT 3
LEASE FOR PIER 1
BUDGET

CONSTRUCTION BUDGET:		
HARD COSTS		
Pier Substructure		$6,411,000
Core & Shell Construction		12,753,000
Tenant Improvements		5,386,000
General Conditions		1,970,000
		26,520,000
Bonds, Insurance, & City Taxes		928,000
Contractor's Overhead & Profit		961,000
Hard Costs Subtotal		28,409,000
Construction & Design Contingency *	None	0
Cost escalation for 1 Year	2.5%	710,225
		29,119,225
Less: Reimbursement of over standard tenant improvements	Standard @ $32.50 excluding A&E and general conditions	(521,000)
Total Hard Costs		28,598,225
SOFT COSTS		
Design & Construction Management Fees		4,163,000
Testing, Permits & Other Owner Costs		358,000
City Exactions		1,137,000
FF&E for Common Areas		250,000
Leasing Commissions	Other Maritime Space @ $10.00	577,910
Interest During Construction **		1,959,000
Legal & Accounting Fees **		400,000
Non-Refundable Deposit		100,000
Construction Period Ground Rent		0
Total Soft Costs		8,944,910
Construction Costs Subtotal		37,543,135
Less: Port's share of Historic Tax Credits	@ 95% x 20% x 85% x 50% ***	(3,031,608)
TOTAL CONSTRUCTION COSTS		$34,511,526

TENANT RENTAL INCOME (Triple Net) TO AMB:	Usable Sq. Ft.	Rentable Sq. Ft. @15% Load	Rent Per Sq. Ft.	Rent Year 1	Rent Year 6****
Port space	45,630	52,475	$35.00	$1,836,608	$2,176,380
Other office subtenants space	50,253	57,791	$36.50	2,109,370	2,499,603
Space occupied by Tenant (AMB)	34,280	39,422	$40.00	1,576,880	1,868,603
Subtotal: Office Space	130,163	149,687		5,522,857	6,544,586
Pier One Deli	1,631	1,876	$30.00	56,270	66,679
PROJECTED TOTAL RENTAL INCOME	131,794	151,563		$5,579,127	
TOTAL RENTAL INCOME				$5,579,127	$6,611,265
EXCESS RENTAL INCOME					$1,032,138

LEASE RENTAL ANALYSIS:		Rent Year 1	Rent Year 6****
Total Construction Costs		$34,511,526	
PROJECTED TOTAL RENTAL INCOME		5,579,127	
Less: Required Return to Tenant (AMB)	Total Construction Costs @ 11%	(3,796,268)	
MINIMUM RENT DUE PORT	Constant throughout Lease term	1,782,859	1,782,859
PARTICIPATION RENT DUE PORT	50% of Excess Rental Income		516,069
RENT DUE PORT	Shows Minimum and Participation Rent, but not Additional Rent	1,782,859	2,298,928
Less: Port Base Rent (Due under Port Sublease)		(1,836,608)	(2,176,380)
Less: Amortization of Port Tenant Improvements over Standard pursuant to Port Sublease	$10.50 (estimated) psf 180-month amortization @ 9%	(67,000)	(67,000)
NET Rent Due Port/(Due AMB)		($120,749)	$55,548

* Maximum Construction & Design Contingency equals fifteen percent (15%) of Hard Costs Subtotal.

** Excludes all points, fees, interest and other expenses regarding permanent /take-out financing

*** Assumes that 20% Historic Tax Credits sold at 85% discount to third party and that 95% of costs eligible.

**** Year 6 represents an example for purposes of demonstrating Participation Rent calculation.

ATTACHMENT 4
Pier 1 Development Agreement
Schedule of Performance

INTRODUCTION

Several principles apply to an effective understanding of this Schedule of Performance: (i) all terms used herein have the same meanings as provided in the Lease Disposition and Development Agreement between the City and County of San Francisco through the San Francisco Port Commission, and AMB Property Corporation to which this Schedule of Performance is attached (the "Agreement"); (ii) parenthetical numbers are references to sections of the Agreement, as the dates described herein are not exhaustive of all dates described in the Agreement; (iii) all Required Completion Dates provided for in this Schedule of Performance may be extended by applicable Force Majeure provisions or as otherwise provided for in the Agreement; (iv) the Target Completion Dates provided herein are for informational purposes only and are not binding in any way on the Port or the Developer, except as otherwise specifically provided in the Agreement; and (v) in the event of an inconsistency between this Schedule of Performance and the Agreement, the Agreement shall prevail.

Action	**Target Date**	**Required Completion Date**
Submission - Evidence of Adequate Financing. Developer shall submit evidence of adequate financing including budget of total development costs and sources and uses of funds, submitted to Escrow (Section 3.03(a)(iii) and (iv)).	June 15, 1999	After Port has received Preliminary Construction Documents and at least 45 days prior to Close of Escrow
Submission - Application for Building Permit. Developer must submit to the Port a complete application for either a Site Permit or a full building permit and prosecute such application diligently to issuance (Section 6.16(a)).	May 1, 1999	Within a time adequate to obtain either the building permit, or first site permit addenda allowing for commencement of construction, before Close of Escrow, taking into account normal processing time by the Port
Submission - Schematic Drawings. The Developer shall prepare and submit the Schematic Drawings to the Port for review and approval as provided in Section 6.07 (Section 6.06).	Already submitted as of March 9, 1999	

Action	Target Date	Required Completion Date
Approval - Schematic Drawings. Already approved concurrently with approval of DA (Section 6.12(b)).	Approved by Port Commission on March 9, 1999	
Submission - Preliminary Construction Documents. The Developer shall prepare and submit the Preliminary Construction Documents to the Port for review and approval as provided in Section 6.07 (Section 6.06).	Already submitted as of February 12, 1999	No later than 60 days prior to Close of Escrow
Approval - Preliminary Construction Documents. Port must approve, disapprove or approve conditionally the Preliminary Construction Documents in writing (Section 6.12(b)).	March 12, 1999	Within 30 days after submittal
Submission - Final Construction Documents. The Developer shall prepare and submit the Final Construction Documents for sub-structure and shell to the Port for review and approval as provided in Section 6.07 (Section 6.06).	June 10, 1999	No later than 60 days prior to Close of Escrow unless Developer has elected the Site Permit process. If Developer has elected to use the Site Permit process, then in accordance with the approved schedule.
Approval - Final Construction Documents. Port must approve, disapprove or approve conditionally the Final Construction Documents Documents for sub-structure and shell in writing (Section 6.12(b)).	Per Site Permit Schedule	Within 60 days of submittal for a full building permit application or if Developer has elected to use the Site Permit process, then in accordance with the approved schedule.
Resubmittal - Construction Documents. If Port disapproves or conditionally approves the Construction Documents, in whole or in part, Developer must resubmit the Construction Documents Documents for sub-structure and shell to the Port for review and approval as required by Section 6.12(c).		As expeditiously as possible and Developer may continue making resubmissions until the approval of the submissions or the later of (i) the time specified in any conditional approval or (ii) the Schedule of Performance, as either may be extended by the Port.

Action	**Target Date**	**Required Completion Date**
Opening of Escrow. Developer shall open Escrow as required by Section 3.02(a).	June 1, 1999	Approximately 60 days prior to Close of Escrow
Submission - Notice Ready to Accept. Developer shall submit to Port written notice that it is ready to accept Delivery (Section 3.02(b)).	June 15, 1999	No later than 45 days before the Close of Escrow
Prepare and Execute Joint Escrow Instructions - Developer. Developer must prepare and execute joint escrow instructions (Section 3.02(b)).	July 1, 1999	Not later than 30 days before Close of Escrow
Prepare and Execute Joint Escrow Instructions - Port. If the joint escrow instructions are acceptable to Port, it shall execute and transmit the instructions to the Title Company (Section 3.02(b)).	July 1, 1999	Within 15 days after their receipt.
Deposit - Costs of Escrow. Developer shall deposit all fees, charges, costs and other amounts necessary for Delivery as required by Section 3.02(d).	July 29, 1999	Promptly after the Title Company notifies Developer of the amounts due and in any event prior to the Close of Escrow.
Close of Escrow. Port shall deliver the Site to Developer and Developer shall accept the Delivery of the Site under the Lease in accordance with Section 3.05.	July 30, 1999	**September 30, 1999** (also referred to as in Section 6.12)
Commencement of Construction of Improvements. Developer shall use its best efforts to commence construction and development of the Improvements on the Site (Sections 6.01(a) and 6.14).	August 11, 1999	30 days after Close of Escrow
Completion of Construction of Improvements. Developer shall use its best efforts to complete construction and development of the substructure, core, and shell Improvements and the work to the portion of the Premises subject to the Port Sublease (Sections 6.01(a) and 6.14).	December 1, 2000	**March 1, 2001**

ATTACHMENT 4

Action	**Target Date**	**Required Completion Date**
Submission – Request for Certificate of Completion. Developer may request in writing from the Port a Certificate of Completion (Section 7.01(a)(ii)).	December 1, 2000	After construction of the Improvements on the Site has been Completed By Developer in accordance with all provisions of the Development Agreement
Approval - Certificate of Approval. The `Port shall act on Developer's request for a Certificate of Completion. (Section 7.01(a)(ii)).	December 31, 1999	Within 30 days of receipt of the request.
Submission - As Built Documents. Developer must furnish the Port as-built plans, specifications and surveys with respect to the Site (Section 6.23(a)).	January 30, 2001	Within 60 days after Completion of the Improvements
Submission - Certified Construction Costs. Developer must furnish the Port an itemized statement of all Construction Costs (Section 6.23(b)).	January 30, 2001	Within 60 days after Completion of the Improvements

ATTACHMENT 4

ATTACHMENT 5
PIER 1 DEVELOPMENT AGREEMENT
SCOPE OF DEVELOPMENT

The proposed project involves the redevelopment and historic rehabilitation of Pier 1 to provide approximately 130,163 usable square feet of office space, approximately 39,340 square feet of public access, and approximately 1,631 square feet of restaurant space. As of the Effective Date of the Lease, approximately 45,630 usable square feet of office space will be occupied by the Port of San Francisco, including meeting facilities, approximately 34,280 usable square feet of the office space will be used by AMB Property Corporation or an Affiliate and approximately 50,253 usable square feet shall be subject to priority maritime office use in accordance with the Maritime Marketing Plan set forth in the Lease. Tenant improvements and finishes shall be consistent with a quality office development located in the San Francisco Financial District. The existing Pier 1 Deli will be remodeled. The public access areas will be restricted for public access uses consistent with BCDC requirements and will include a new deck to be constructed over the existing concrete piles at the south side of the pier. The deck will accommodate outdoor seating for the existing Pier 1 Deli and provide space for Port events. The apron along the south side of the pier will be raised level with the interior finish floor of the shed. The east apron will be widened at least to match the width of the south apron. The north apron will be reconfigured where it meets the bulkhead. The interior and exterior of the bulkhead and shed will be rehabilitated according to the Secretary of the Interior's Standards for Rehabilitation. The proposed project will also include seismic and structural upgrades and improvements to mechanical systems.

The general design of the Project will be consistent with the Schematic Drawings, dated January 19, 1999, agreed-upon by the Waterfront Design Advisory Committee on January 27, 1999, and attached as Attachment 6. Detailed design of the public access elements of the project, including railing, surface treatments, lighting, trash receptacles, furniture, signage, public art (if any), planting, color and canopies will be as approved and adopted by the Port in accordance with the DA.

PORT OF SAN FRANCISCO

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San Francisco, CA 94111
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MEMORANDUM

March 3, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Approval of revisions to the Schematic Drawings and Preliminary Construction Documents for the Pavilion Building at Pacific Bell Ballpark near Third and King Streets.**

DIRECTOR'S RECOMMENDATION: APPROVE PAVILION BUILDING DESIGN SUBJECT TO THE ATTACHED CONDITIONS.

Background. On August 25, 1998, the Port Commission adopted Resolution No. 98-79 approving the Schematic Drawings and Preliminary Construction Documents for the Pavilion Building at Pacific Bell Ballpark. The Commission approval was based on an earlier Port Commission Resolution No. 97-89 approving the China Basin Ballpark Company's ("CBBC") Schematic Drawings and Preliminary Construction Documents for the design of the China Basin Ballpark.

Since last August's Port Commission approval of the Pavilion Building, CBBC has revised the design with substantial changes that again require Port Commission approval. CBBC has submitted revised Schematic Drawings and Preliminary Construction Documents to the Port Commission for its approval, as required under the Lease Disposition and Development Agreement between the Port and CBBC ("DDA"). These drawings and documents are intended to replace and supercede those that were previously reviewed and approved by the Port Commission.

THIS PRINT COVERS CALENDAR ITEM NO. 7C

New Pavilion Building Proposal. The revised Pavilion Building plans reflect a reduced building footprint and square footage and a phased construction program. The requested approval is for the first phase only. Phase I of the Pavilion Building will be a three-story structure located at the corner of Third and King Streets on the west side of the Ballpark with an adjoining approximately 16-space parking area behind a brick and metal decorative fence. The second phase of the construction is planned to replace the parking lot and align with the first phase of the building along Third Street as shown in the attached Exhibit.

The previously approved plans included 120,000 feet of leasable space in a four-story, 58-foot high structure. Phase I of the building is now proposed as a three-story, 44-foot high building with approximately 50,000 square feet of gross space. The previous Pavilion Building approval contained an approximately 8,000 square foot structure to house mechanical equipment necessary to serve the Ballpark. This mechanical structure is no longer a part of the Pavilion Building and is being constructed as part of the Ballpark. CBBC has proposed uses for the building including restaurant and retail on the first floor and Giants offices on the second and third floors.

The Pavilion Building is intended to architecturally complement the Ballpark while also having its own identity appropriate to its year-round commercial/recreation uses. The Building finish will include some materials that match the Ballpark and some which establish a separate architectural character. The exterior will be clad in brick on the ground floor and on the lower portion of the columns. The second and third levels will have a glass curtain wall with divided industrial sash window frames similar to those in the adjacent neighborhood and planned for the Ballpark. Textured metal panels will also surround the glass on the second and third levels. The roof will have an exaggerated cornice that can be lit from below and will be supported by angled steel cornice supports similar to the structure of the Ballpark.

The parking area is intended by CBBC as an interim condition until Phase Two is built. An ornamental brick and metal fence compatible in design with the Pavilion Building design, and landscaping will screen the parking area.

Two of the Port's design advisors, Mike Smiley and John Kriken, reviewed the redesign of the Pavilion Building. Based on their comments and comments from the Planning Department and the San Francisco Redevelopment Agency, the project architects have modified building materials and other architectural detailing to better integrate the scale and character of the overall development with the surrounding neighborhood – as required in earlier design parameters set forth by the Port Commission when approving the Schematic Design for the Ballpark.

The October 22, 1997 Port Commission approval of the Ballpark included seven design parameters for the Pavilion Building. Following are the parameters and an explanation of how they are addressed in the redesigned building:

1. *The edge of the Pavilion Building should be held along Third Street generally as depicted in the schematic drawings for the Ballpark.* The Third Street edge of Phase I building construction is the same as was depicted on the schematic drawings.

2. *A constant second story cornice line on the Pavilion Building along Third Street and as it turns the corner toward the ballpark on Willie Mays Plaza is encouraged.* The Building has a constant third story cornice along Third Street as it turns the corner toward Willie Mays Plaza at the north and towards the plaza area at the south end of the building.

3. *The north-facing wall of the Pavilion Building (fronting Willie Mays Plaza) should align with or extend beyond the line of the Ballpark ramp structure.* The north-facing wall is approximately aligned with the ramp structure.

4. *Some exposure of the ramp structure within the ballpark above the second level of the Pavilion Building is acceptable. However, it is the intent of this guideline that the visual impact of the ramp structure be minimized.* The ramp structure is largely hidden behind the Pavilion Building. Portions of the ramp structure above the Pavilion Building are screened with a brick wall that matches the ballpark design.

5. *If the size of the Pavilion Building is scaled down, consideration should be given to shifting the Building footprint toward the north and enlarging Lefty O'Doul Plaza, one of the primary waterside public access areas.* The first phase of construction is located at the northern end of the site. The proposed parking lot layout enlarges Lefty O'Doul plaza by approximately 2,600 square feet, until Phase Two construction at which time it may be used as building area. The revised design also permanently enlarges Willie Mays Plaza by approximately 1,500 square feet.

6. *As called for in the Design & Access Element of the Waterfront Plan, the Pavilion Building should complement the Third Street Bridge, a City landmark.* The design of the Pavilion Building complements the bridge by having a simple and traditional overall building form that provides a backdrop to the bridge. The materials used on the Pavilion Building reflect the era in which the bridge and adjoining neighborhood was originally developed through the use of brick siding, industrial sash window frames, and metal brackets supporting the cornice.

7. *Cladding the Pavilion Building differently from the ballpark should be considered in the final design of the building. This may serve to integrate the scale and character of the overall development with the surrounding neighborhood.* The Ballpark is to be clad in brick similar to many buildings in the area. The Pavilion Building also will be clad in brick on the ground floor with multiple windows and doors. The upper two floors will be distinct from the ballpark with a glass and metal curtain wall finish.

Conditions. "Attachment A" to the proposed Port Commission resolution lists "Conditions of Approval" that the project sponsor must address prior to receiving a building permit for the affected area. The Conditions address: review of finish detailing on the cornice, north facing balcony, ground floor, and the parking lot area; review of pavement, landscaping and site furnishings in the Lefty O'Doul plaza; and the Building's signage program. The Port's design advisors will review the architect's response to the Conditions of approval with the Port's Executive Director having final approval authority.

The proposed signage program for the Pavilion Building will be submitted to the Port with the signage program for the Ballpark. The concept plans for the Pavilion Building indicate that the signage may be a combination of face signs, large pennant style banners on the building columns, kiosks, and other miscellaneous signs. In accordance with the approved ground lease, final approval of the signage program will be by the Executive Director.

Recommendation. Adopt the proposed resolution approving the architectural design of the Pavilion Building subject to the design conditions attached in 'Exhibit A'.

Prepared By: Paul Osmundson
Director, Planning and Development

I\Hodapp\Pavilion Design AS

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-14

WHEREAS, On July 16, 1997, the Port Commission, by Resolution No. 97-53 adopted California Environmental Quality Act ("CEQA") findings related to the ballpark project, and on July 22, 1997, by Resolution Nos. 97-54, 97-55, 97-56, 97-57 and 97-58, approved a Lease Disposition and Development Agreement ("DDA"), a Ground Lease, and a Non-Relocation Agreement and Guaranty, and a Purchase and Sale Agreement with Caltrans (collectively, "Transaction Documents") between the Port and The China Basin Ballpark Company LLC ("CBBC") to allow development of the ballpark project at the China Basin location ("Project"); and,

WHEREAS, On June 26, 1997, the City Planning Commission, by Resolution No. 14398, and the Redevelopment Agency Commission, by Resolution No. 97-97, certified the Final Environmental Impact Report for the ballpark project ("FEIR") as accurate, adequate and objective and in compliance with the CEQA and the CEQA Guidelines; and,

WHEREAS, This Port Commission has reviewed and considered the information contained in the FEIR; and,

WHEREAS, For purposes of compliance with CEQA, the Port Commission, by Resolution No. 97-53, has adopted findings with respect to the FEIR as required by CEQA, which findings are on file with the Port Commission Secretary for File No. 97-53, which findings are incorporated herein by this reference as though such findings were fully set forth in this resolution; and,

WHEREAS, On October 22, 1997 the Port Commission, by Resolution No. 97-89 approved the schematic design of the Ballpark subject to specific conditions and resolved that the design of the Pavilion building shall be subject to review and approval of the Port Commission; and,

WHEREAS, On August 25, 1998 the Port Commission passed Resolution No. 98-79 approving the Schematic Drawings and Preliminary Construction Documents for the Pavilion Building at Pacific Bell Park, and CBBC has submitted revised Schematic Drawings and Preliminary Construction Documents to the Port Commission for its approval, as required under the Lease Disposition and Development Agreement between the Port and CBBC ("DDA"); and,

WHEREAS, Section 6.12 of the DDA requires the Port Commission, acting at a public meeting, to review and approve, disapprove, or approve conditionally, the design after submittal of Schematic Drawings and Preliminary Construction Documents; and,

WHEREAS, the Waterfront Land Use Plan, including its Design & Access Element provide development standards and design criteria for the project site; and,

WHEREAS, the "Scope of Development" within the DDA provides general design objectives and development standards for the project; and,

WHEREAS, Port Commission has reviewed the revised Schematic Drawings and Preliminary Construction Documents for the Pavilion Building in accordance with the above mentioned design and development standards; now therefore be it

RESOLVED, that based upon the Port Commission's review of the FEIR, the Port Commission hereby finds that : (1) modifications incorporated into the Project will not require important revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the Project is undertaken which would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and (3) no new information of substantial importance to the Project has become available which would indicate: (a) the Project will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment; and, be it further;

RESOLVED, that the Pavilion Building design incorporated in the attached Exhibit 'B' Schematic Drawings and Preliminary Construction Drawings, and as reviewed by the Port and as modified by the Conditions of Approval attached as Exhibit 'A', are consistent with the Port's development objectives and design criteria for the site, as described above; and, be it further

RESOLVED, that the Schematic Drawings and Preliminary Construction Documents for the Pavilion Building are hereby approved subject to the conditions attached as Exhibit 'A' Design Review Conditions of Approval, and these drawings and documents are intended to replace and supercede those that were previously reviewed and approved by the Port Commission; and, be it further

RESOLVED, that the Port's Executive Director shall have the authority to review and determine whether design submittals by the project sponsor are consistent with the Design Review Conditions of Approval attached as Exhibit 'A'.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

____
Secretary

Exhibit A

Pavilion Building

Design Review Conditions of Approval

The following architectural components of the Pavilion Building shall be submitted to the Port for review by the Port's Design Advisors and for approval by the Port's Executive Director prior to obtaining the building or other construction permit for each affected area described below:

1. **Review of Project Detailing.** Design and detailing of the building's upper cornice and brackets, north and south facing balcony and supports, ground floor window and door finishes, wall along east edge of parking area, and parking lot fencing shall be submitted to the Port for review and approval. The project sponsor also shall provide the Port with color and materials samples for review as necessary.

2. **Lefty O'Doul Plaza.** Design and detailing of the Lefty O'Doul Plaza including paving of the plaza and adjoining walkways, landscaping, and site furnishings shall be submitted to the Port for review and approval.

3. **Signage and Other Graphics.** The project sponsors shall submit a complete signage package for review and approval by the Port, consistent with Section 3.4 of the Ground Lease. Signage for the Pavilion building to be evaluated may include face signs, banners, kiosks, environmental graphics, and other miscellaneous signs.

GIANTS
Urban

Pavilion Building at Pacific Bell Park

San Francisco, California

DESIGN DEVELOPMENT PACKAGE

PROJECT NUMBER: 19[illegible]41.02

MARCH [illegible]

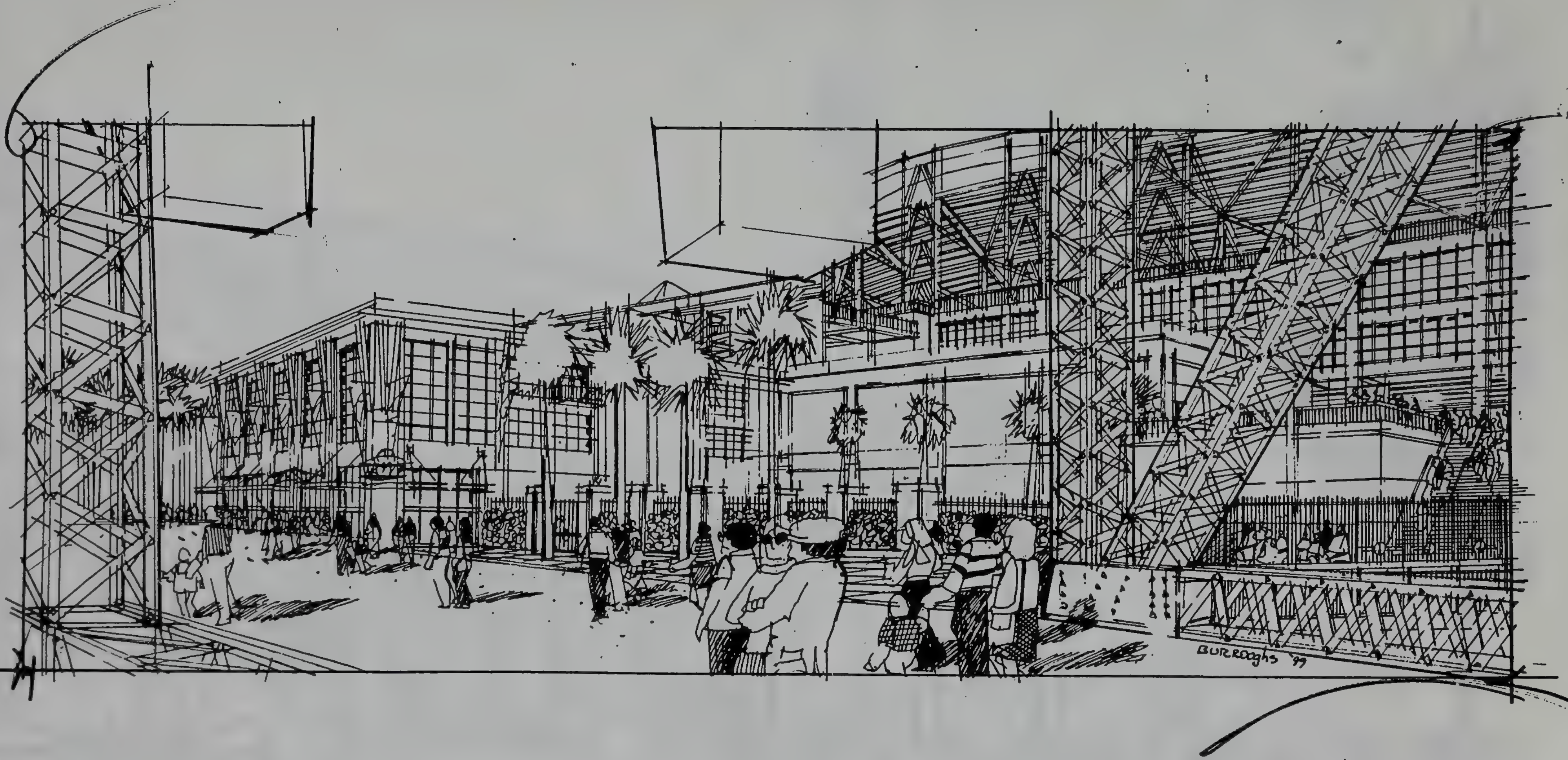
Architects:

Callison Architecture, Inc.

1420 5th Ave, #2400
Seattle, WA 98101-2343
T 206-623-4646
F 206-623-4625

Callison ARCHITECTURE

EXHIBIT B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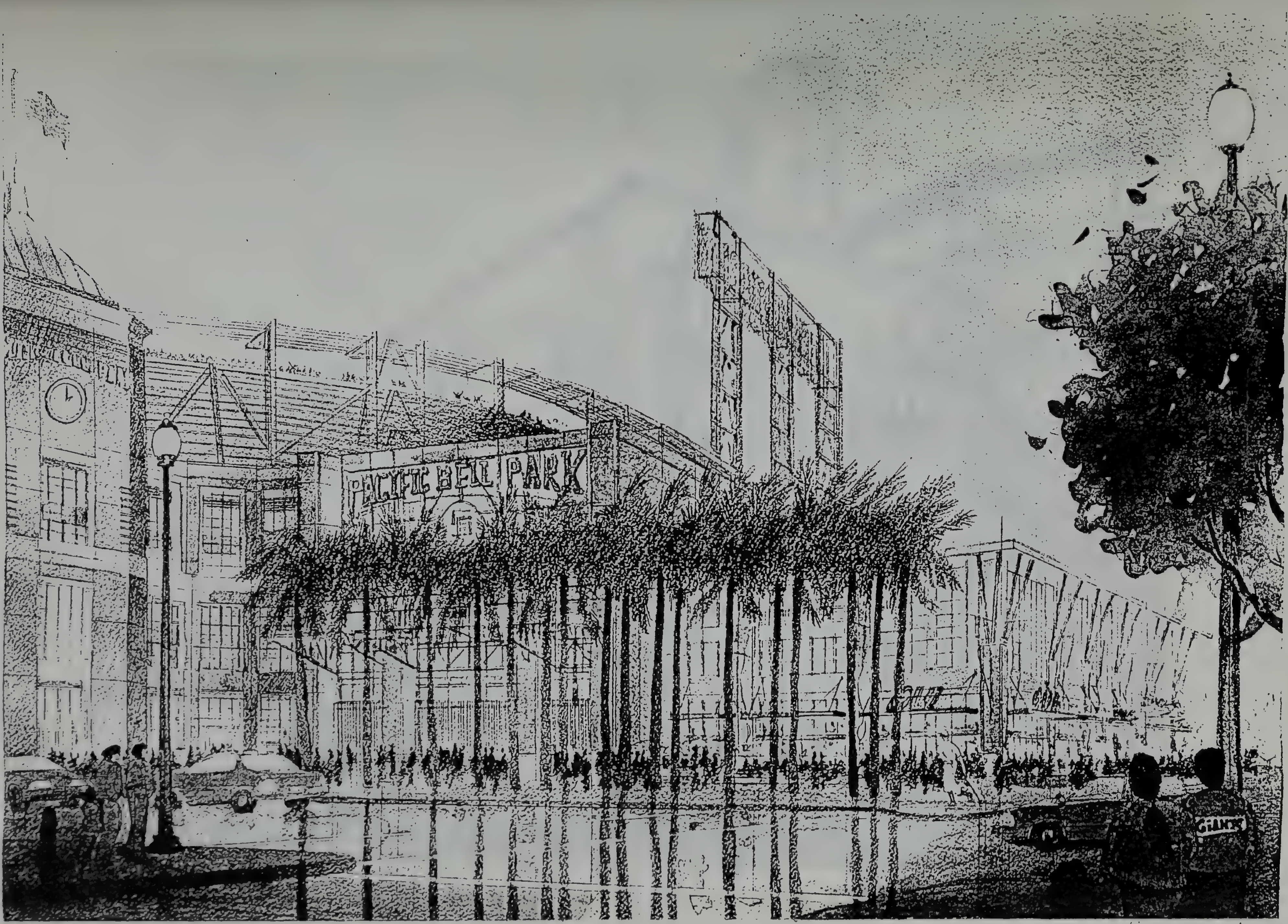
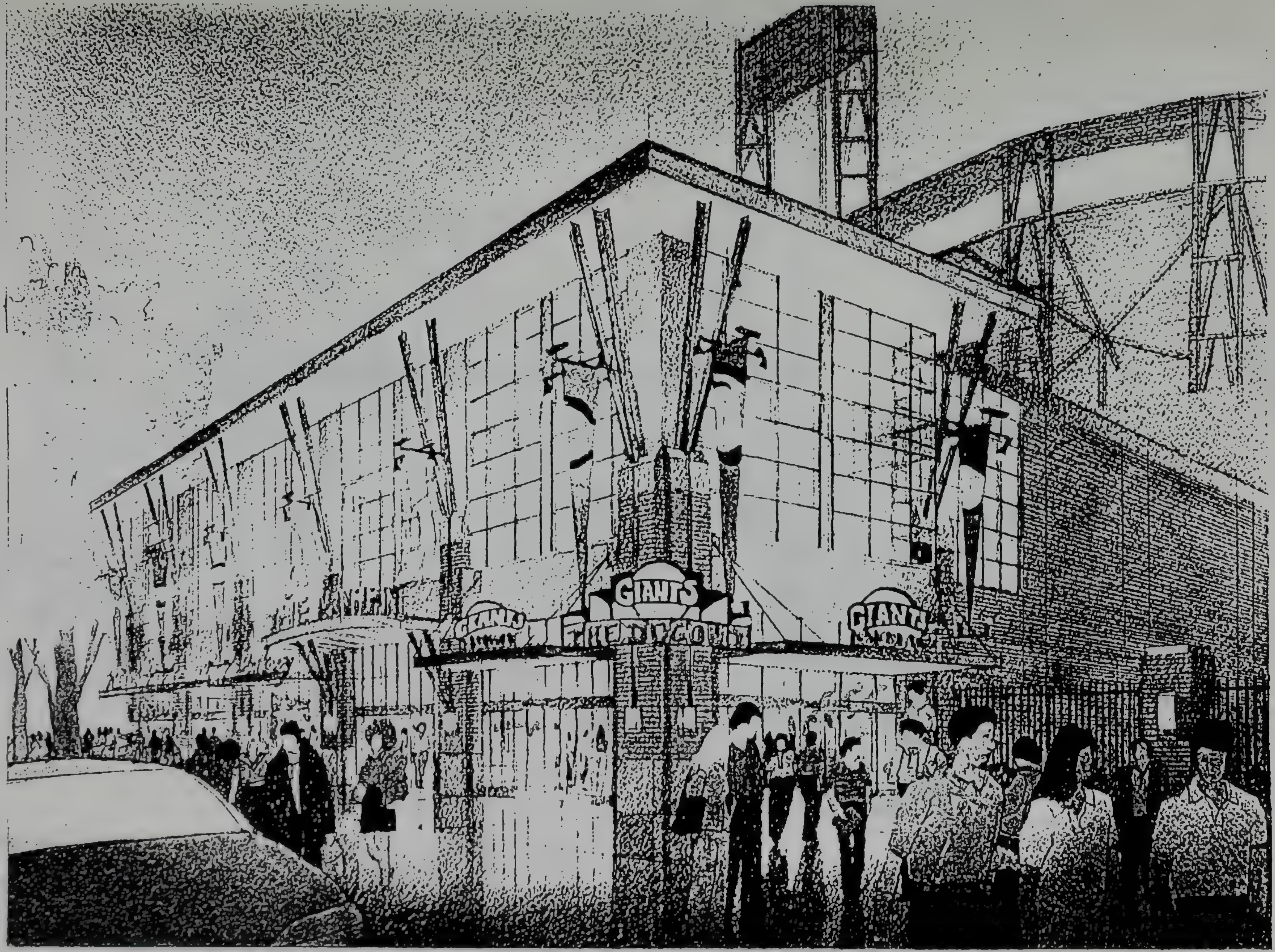
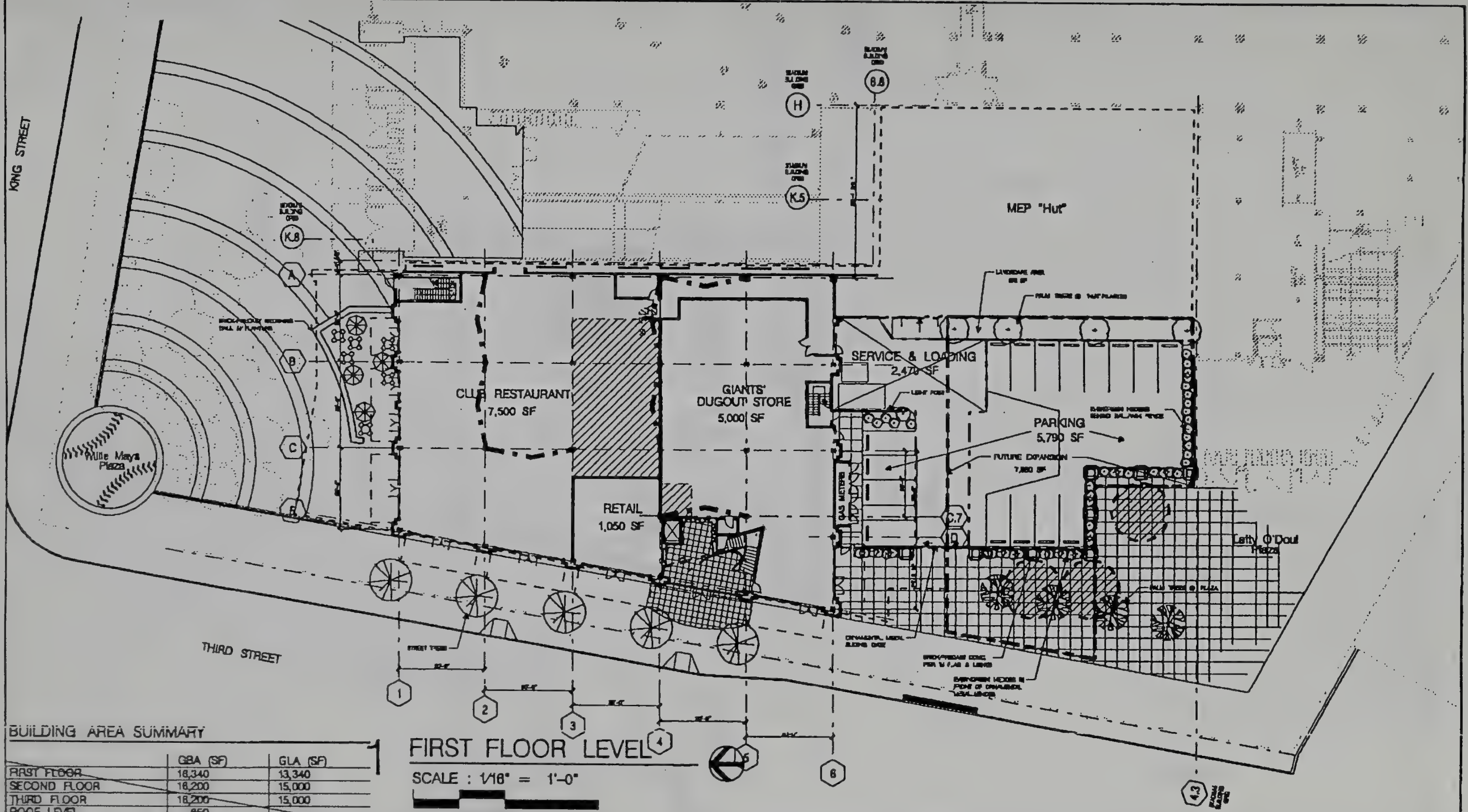

PACIFIC BELL PARK
GIANTS


GIANTS
GIANTS
THE DUGOUT
GIANTS


KING STREET
THIRD STREET
Willie Mays Plaza
CLUB RESTAURANT
7,500 SF
RETAIL
1,050 SF
GIANTS' DUGOUT STORE
5,000 SF
SERVICE & LOADING
2,470 SF
PARKING
5,790 SF
FUTURE EXPANSION
7,860 SF
GAS METERS
MEP "Hut"
Lefty O'Doul Plaza
STREET TREES
PALM TREES @ PLAZA
LANDSCAPE AREA
K.8
A
B
C
D
H
K.5
8.8
C.7
D
1
2
3
4
5
6
4.3

1 FIRST FLOOR LEVEL

SCALE : 1/16" = 1'-0"

0 16' 32' 64'

BUILDING AREA SUMMARY

	GBA (SF)	GLA (SF)
FIRST FLOOR	18,340	13,340
SECOND FLOOR	18,200	15,000
THIRD FLOOR	18,200	15,000
ROOF LEVEL	650	
TOTAL	49,390	43,340

1530 S.F. PLAZA AREA ADDED TO WILLIE MAYS PLAZA
1415 S.F. PLAZA AREA ADDED TO LEFTY O'DOUL PLAZA
TOTAL 2945 S.F. PLAZA AREA ADDED TO THE SITE

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KAJIMA Urban

GIANTS

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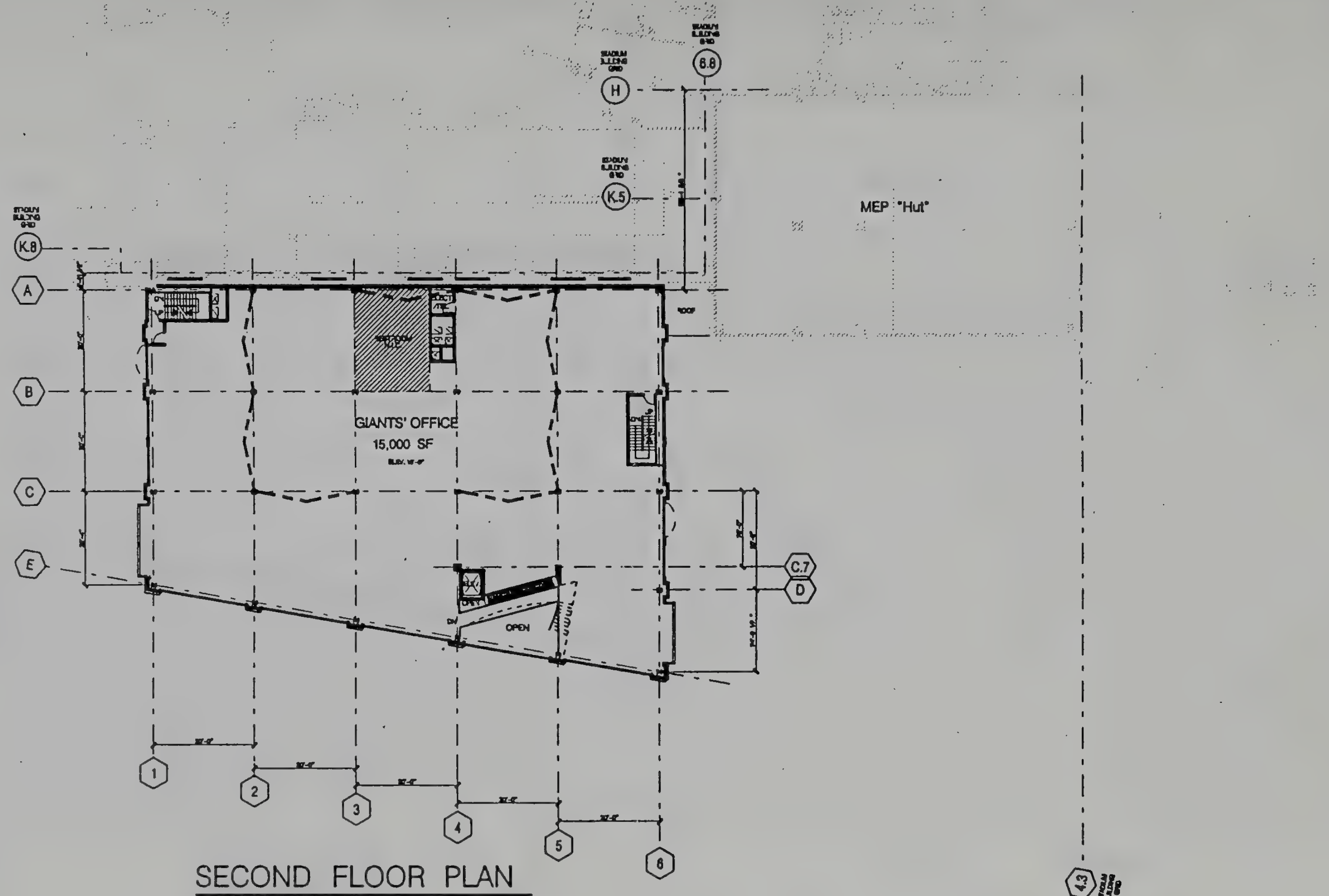
1420 5th Ave. #2400
Seattle, WA 98101-2343
T 206-623-4646
F 206-623-4625

Callison ARCHITECTURE

THE PAVILION BU
AT PACIFIC BELL
DESIGN DEVELOPMENT PACKAGE
MARCH [illegible]

A2.1


STADIUM BUILDING GRID
6.8
H
K.5
K.8
A
B
C
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C.7
D
1
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6
4.3
MEP "Hut"
GIANTS' OFFICE
15,000 SF
OPEN
ROOF
30'-0"

SECOND FLOOR PLAN

SCALE : 1/16" = 1'-0"

0 16' 32' 64'

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KAJIMA Urban

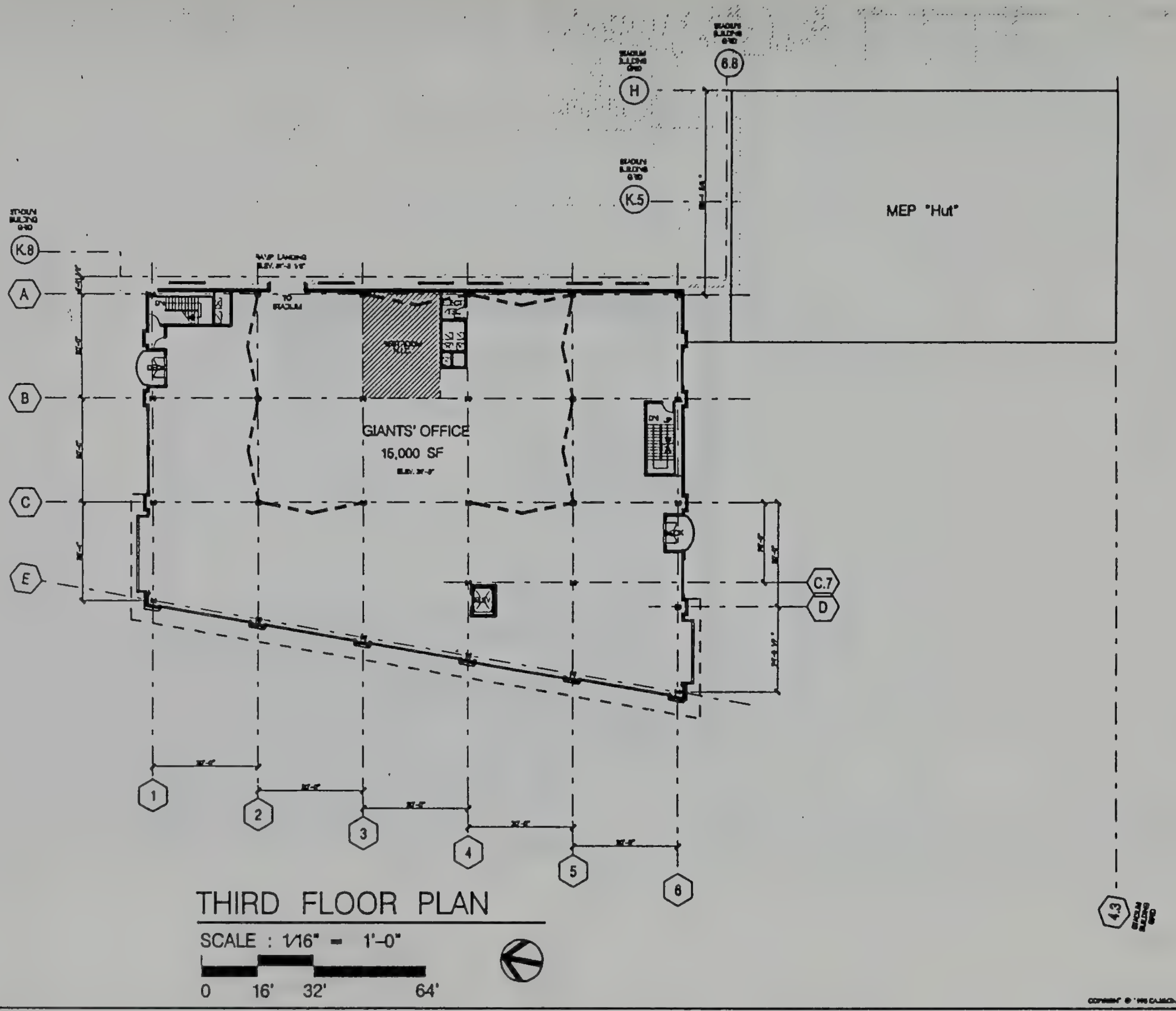
GIANTS

Callison Architecture, Inc.
1420 5th Ave. #2400
Seattle, WA 98101-2343
T 206-623-4646
F 206-623-4625

Callison ARCHITECTURE

THE PAVILION BUILDI
AT PACIFIC BELL PARK
DESIGN DEVELOPMENT PACKAGE
MARCH 5, 1999

A2.2


STADIUM BUILDING GRID
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4.3
MEP "Hut"
RAMP LANDING
TO STADIUM
GIANTS' OFFICE
15,000 SF
0
16'
32'
64'

THIRD FLOOR PLAN

SCALE : 1/16" = 1'-0"

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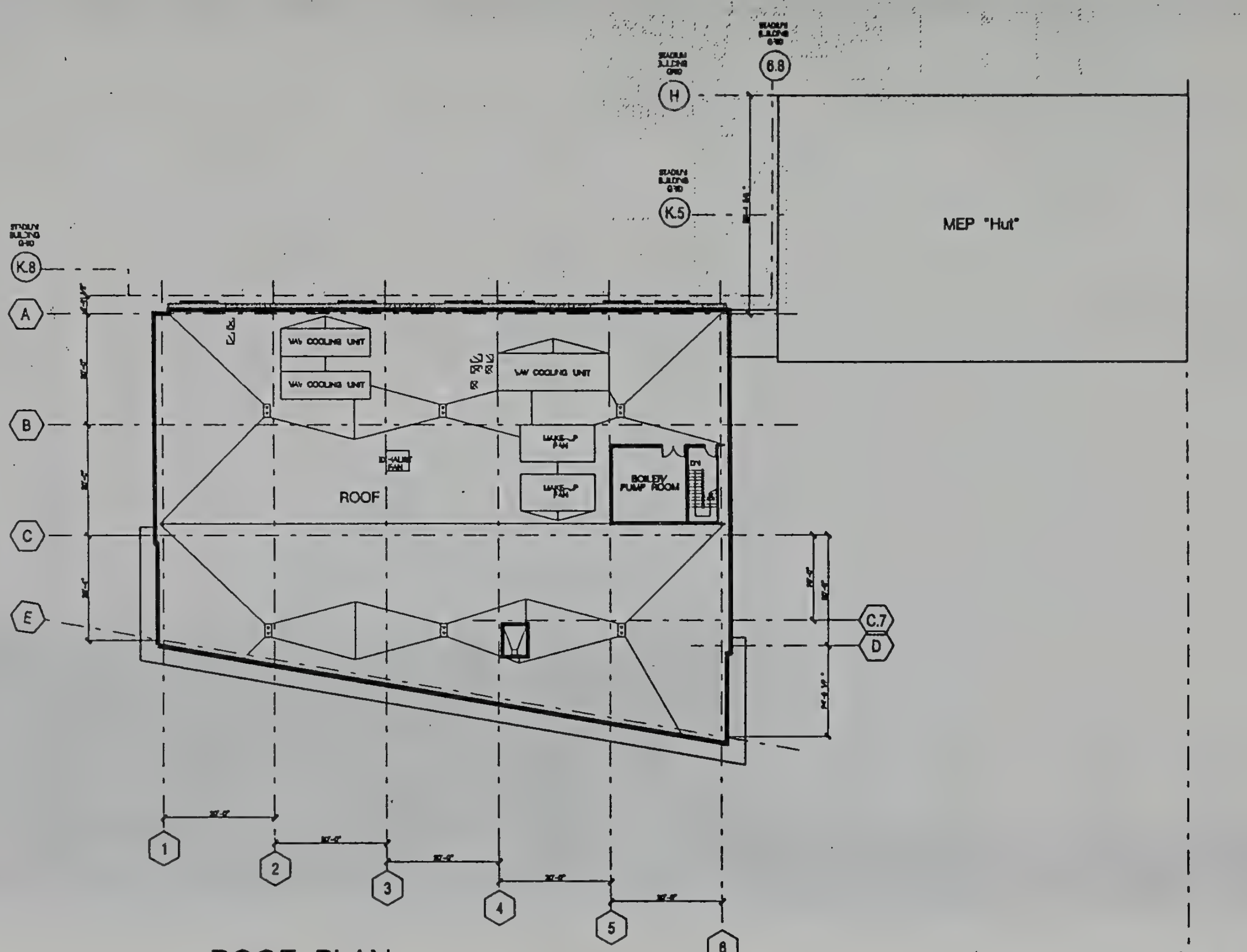
Callison ARCHITECTURE

**THE PAVILION BUILDIN
AT PACIFIC BELL PARK**

DESIGN DEVELOPMENT PACKAGE
MARCH 8, 1999

A2.3


MEP "Hut"
ROOF
VAV COOLING UNIT
VAV COOLING UNIT
VAV COOLING UNIT
MAKE-UP FAN
MAKE-UP FAN
EXHAUST FAN
BOILER/ PUMP ROOM
STADIUM BUILDING GRID
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H
6.8
K.5
A
B
C
E
C.7
D
1
2
3
4
5
6
4.3

ROOF PLAN

SCALE : 1/16" = 1'-0"

0 16' 32' 64'

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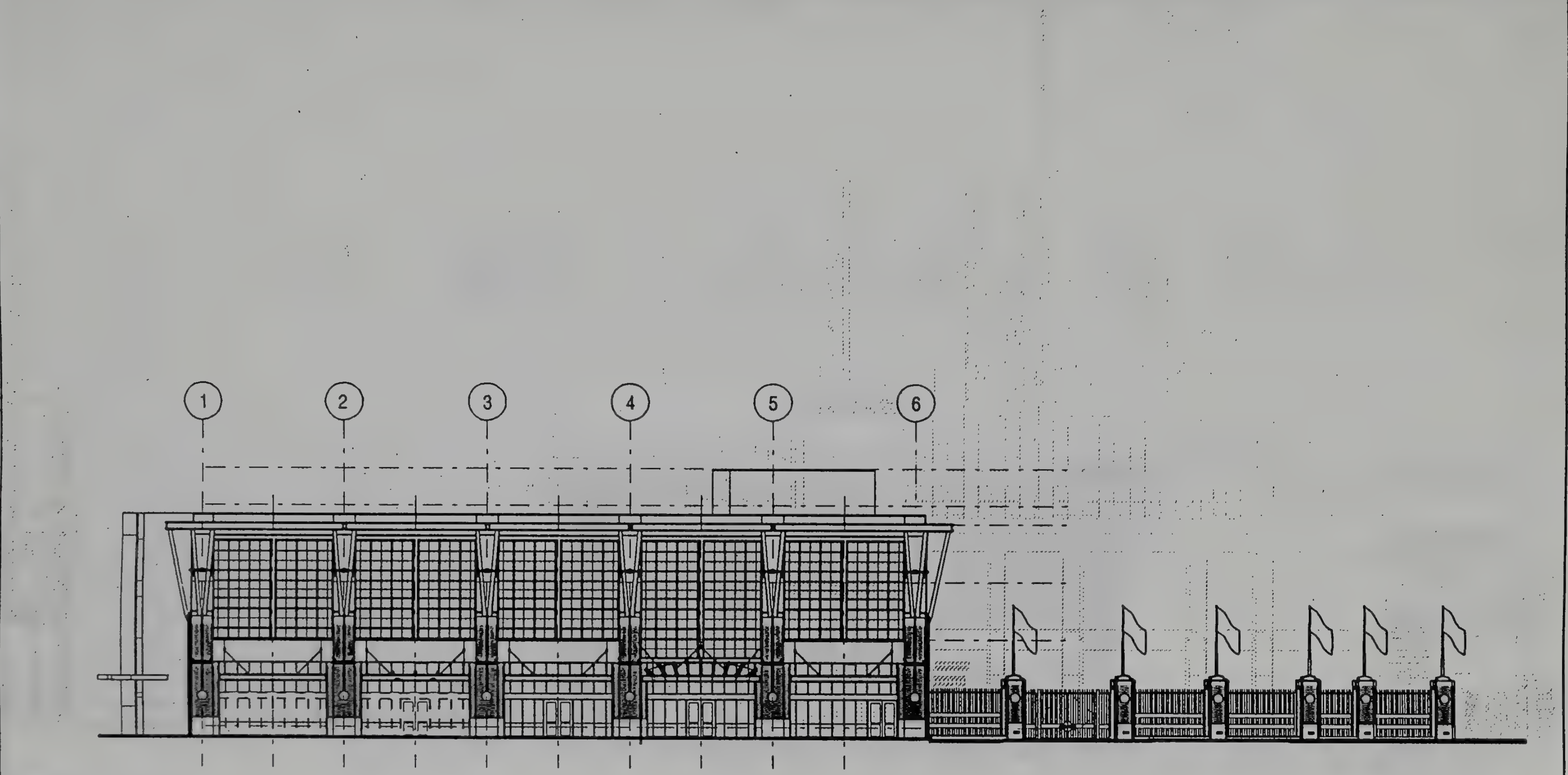
THE PAVILION BUILDIN
AT PACIFIC BELL PARK
DESIGN DEVELOPMENT PACKAGE
MARCH 5, 1999

A2.4



WEST ELEVATION

NOT TO SCALE

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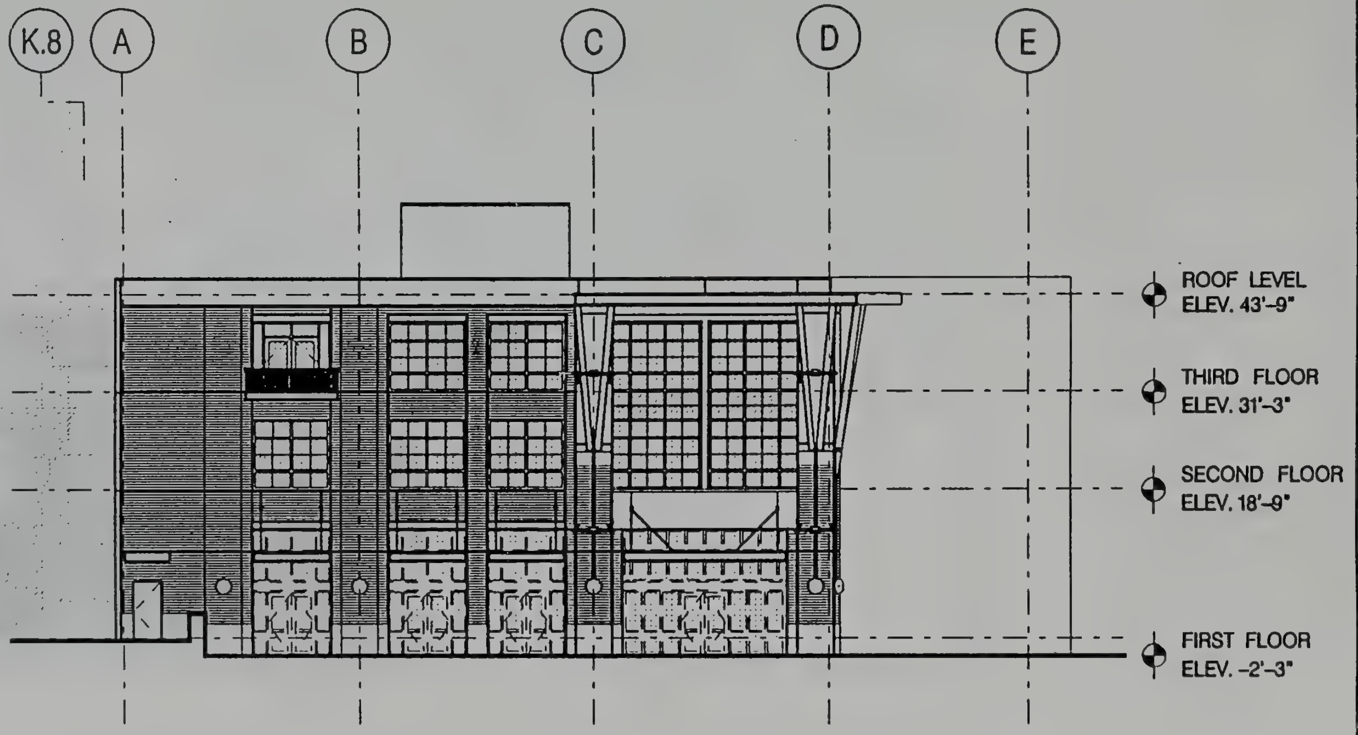
Callison ARCHITECTURE

THE PAVILION BUILDING
AT PACIFIC BELL PARK
DESIGN DEVELOPMENT PACKAGE
MARCH 9, 1999

A3.0


K.8
A
B
C
D
E
ROOF LEVEL
ELEV. 43'-9"
THIRD FLOOR
ELEV. 31'-3"
SECOND FLOOR
ELEV. 18'-9"
FIRST FLOOR
ELEV. -2'-3"

NORTH ELEVATION

SCALE : 1/25" = 1'-0"

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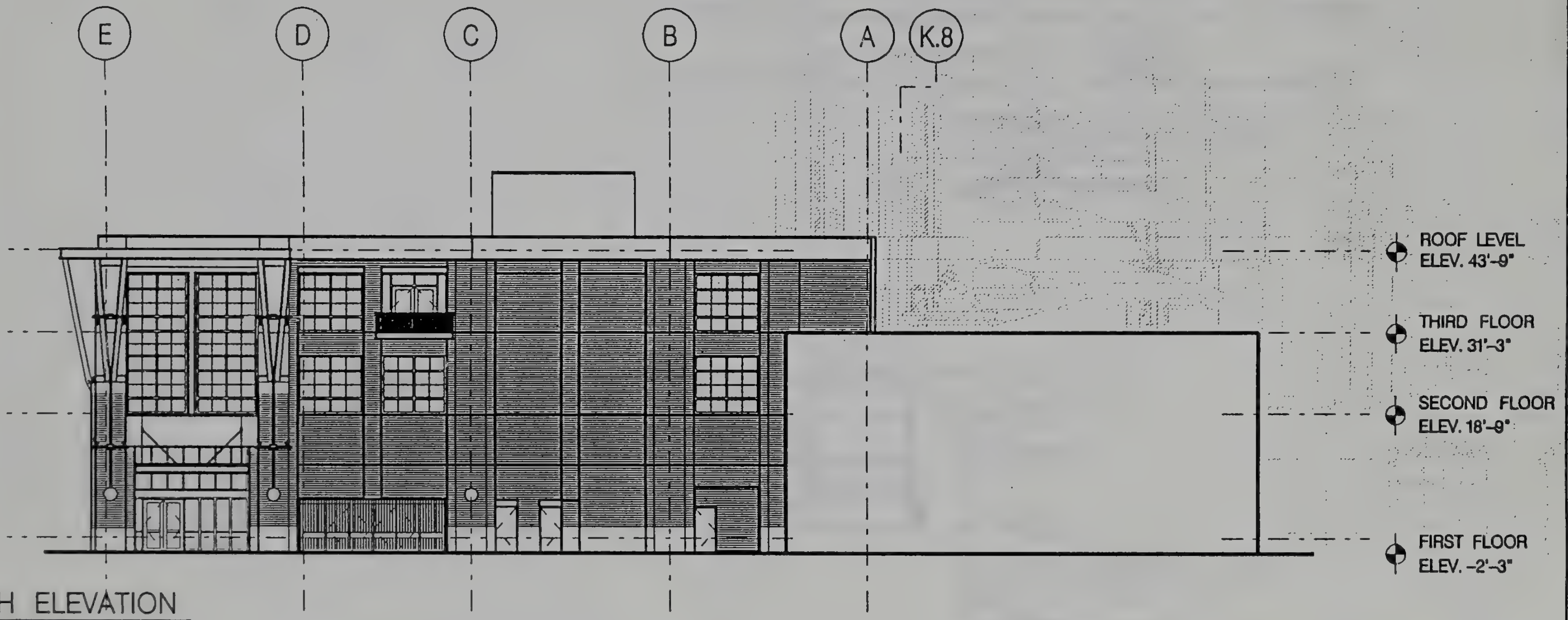
Callison ARCHITECTURE

**THE PAVILION BUILDING
AT PACIFIC BELL PARK**

DESIGN DEVELOPMENT PACKAGE
MARCH 5, 1999

A3.2


E
D
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K.8
ROOF LEVEL
ELEV. 43'-9"
THIRD FLOOR
ELEV. 31'-3"
SECOND FLOOR
ELEV. 18'-9"
FIRST FLOOR
ELEV. -2'-3"

SOUTH ELEVATION

SCALE : 1/8" = 1'-0"

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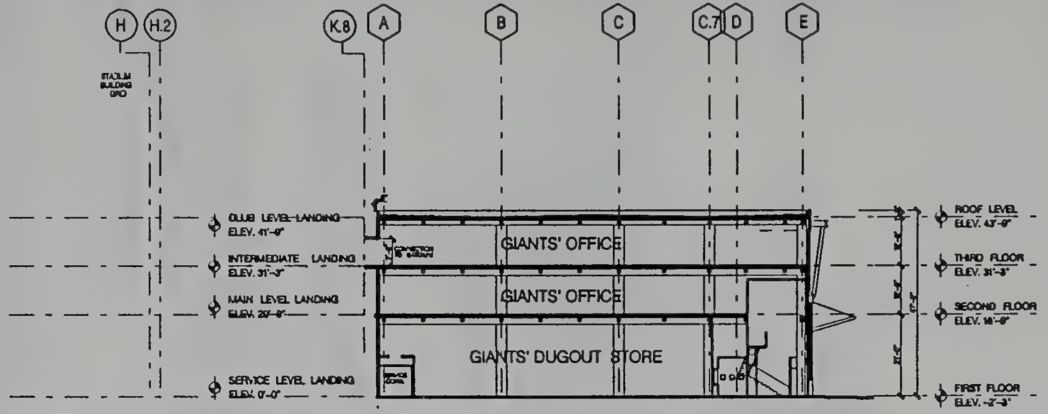
THE PAVILION BUILDING
AT PACIFIC BELL PARK
DESIGN DEVELOPMENT PACKAGE
MARCH 8, 1999

A3.3


H
H.2
STADIUM BUILDING GRID
K.8
A
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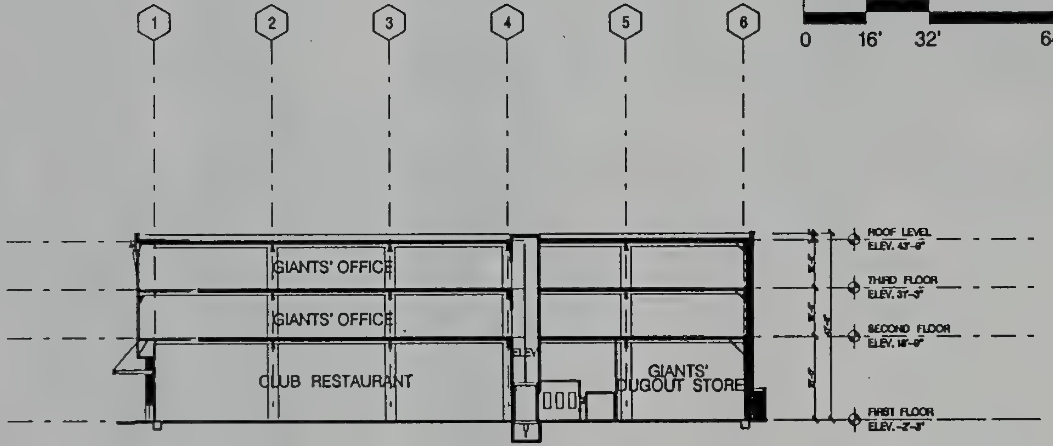
C.7
D
E
CLUB LEVEL LANDING
ELEV. 41'-6"
INTERMEDIATE LANDING
ELEV. 31'-3"
MAIN LEVEL LANDING
ELEV. 20'-6"
SERVICE LEVEL LANDING
ELEV. 0'-0"
GIANTS' OFFICE
GIANTS' OFFICE
GIANTS' DUGOUT STORE
ROOF LEVEL
ELEV. 43'-6"
THIRD FLOOR
ELEV. 31'-3"
SECOND FLOOR
ELEV. 18'-6"
FIRST FLOOR
ELEV. -2'-3"

BUILDING SECTION A–A

SCALE : 1/16" = 1'-0"

0 16' 32' 64'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5
6
GIANTS' OFFICE
GIANTS' OFFICE
CLUB RESTAURANT
ELEV
GIANTS' DUGOUT STORE
ROOF LEVEL
ELEV. 43'-6"
THIRD FLOOR
ELEV. 31'-3"
SECOND FLOOR
ELEV. 18'-6"
FIRST FLOOR
ELEV. -2'-3"

BUILDING SECTION B–B

SCALE : 1/16" = 1'-0"

0 16' 32' 64'

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Callison ARCHITECTURE

THE PAVILION BUILDING
AT PACIFIC BELL PARK
DESIGN DEVELOPMENT PACKAGE
MARCH 8, 1999

A4.1

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
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www.sfport.com

MEMORANDUM

March 1, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization for the Executive Director to apply for, accept, and expend $196,000 in grant funds for "Embarcadero Promenade Pedestrian Improvements" and $50,000 in grant funds for the "Brannan Street Wharf" from the Metropolitan Transportation Commission.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO APPLY FOR, ACCEPT, AND EXPEND GRANT FUNDS FROM THE METROPOLITAN TRANSPORTATION COMMISSION.

The San Francisco County Transportation Authority (SFCTA) and the Metropolitan Transportation Commission (MTC) have solicited agencies in the Bay Area to submit applications for the "Transportation for Livable Communities" program (TLC). Under this program Port staff has prepared grant applications for two projects: 1) the "Embarcadero Promenade Pedestrian Improvements" for an application under the TLC Capital Program; and 2) the "Brannan Street Wharf" for an application under the TLC Planning Program.

Port staff seeks authorization for the submittal of grant applications for these two projects, which are described as follows:

THIS PRINT COVERS CALENDAR ITEM NO. 7D

Embarcadero Promenade Pedestrian Improvements

The grant request is for replacing a concrete wall and chain link fence with a decorative railing. The project is located along the edge of the proposed Rincon Park. Rincon Park will be a two-acre park with sweeping views of the Bay, the Bay Bridge and of Downtown. The "Embarcadero Promenade Pedestrian Improvements" is part of the larger Embarcadero Roadway urban renewal project. Currently a 4-foot height concrete wall and chain link fence block expansive views of the Bay along 420 feet of the Embarcadero Promenade adjacent to the park and at the end of Harrison Street. The project, if the Port's application is awarded, will replace the wall and chain link fence with a decorative railing whose design will be consistent with other Roadway and Promenade improvements and will connect finished sections of the Promenade on both ends. Replacement of the wall was not eligible for funding in the current Embarcadero Roadway project.
The grant request for this proposal is for $196,000. The total estimated project cost is $222,000. The Port would seek to meet the local 11.7 percent match of $26,000 through private development projects, or if necessary, return to the Port Commission to seek matching funds.

Concrete wall proposed for removal

Brannan Street Wharf

The Port Commission officially recognized the designation of Brannan Street Wharf as a new major open space when it adopted the *Waterfront Land Use Plan* and its accompanying *Waterfront Design & Access* element in June 1997. These documents were created through a public planning process that included a 27-member citizens advisory committee, an urban design technical advisory committee, and over 100 public meetings.

Brannan Street Wharf will be a new open space at South Beach's waterfront that will provide the neighborhood with a central public space. It will be a linear park running at least 600 feet along the Embarcadero pedestrian promenade between Pier 30-32 and Pier 38 and may extend out into the water to include a new pedestrian pier for fishing and viewing. Brannan Street Wharf may include facilities for community gatherings, markets, or other neighborhood events.

Site of proposed Brannan Street Wharf at Pier 34

If awarded, the TLC planning grant will be used to fund an interactive planning and design team. The team may include a public facilitator, planner, landscape architect, cost estimator and feasibility analyst. The team will conduct a collaborative planning process with South Beach residents, business representatives and its Citizens Advisory Committee. Community charettes will be conducted with a goal of developing a detailed program for the site and encouraging participants to develop design options. The team will also prepare an environmental document, cost estimates, and a funding

strategy for the project. The final plan will be presented to the Port Commission for adoption and inclusion into adjoining projects as feasible.

The total cost of the Brannan Street Wharf planning project is $60,000 with requested TLC funding of $50,000. The Port would seek to provide the local 20 percent match of $10,000 through private development projects, or if necessary, return to the Port Commission to seek matching funds.

Recommendation

The attached resolution is to authorize the Port's Executive Director to apply for, accept, and expend grant funds for both of the above projects.

Prepared By: Dan Hodapp, Project Coordinator

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-15

WHEREAS, The Port of San Francisco has authority under California Government Code to exercise certain powers to manage in trust for the people of California certain real property along San Francisco Bay in the City and County of San Francisco; and

WHEREAS, The Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA) (Public Law 102-240, December 18, 1991) created the Surface Transportation Program (23 U.S.C.s133); and

WHEREAS, The new Federal Reauthorization continues the Surface Transportation Program; and

WHEREAS, Pursuant to the ISTEA, and regulations promulgated thereunder, eligible project sponsors wishing to receive Surface Transportation Program grants for a project shall submit an application with the appropriate metropolitan planning organization (MPO), for review and inclusion in the MPO's Transportation Improvement Program; and

WHEREAS, The Metropolitan Transportation Commission (MTC) is the MPO for the San Francisco Bay region and the Port of San Francisco is an eligible project sponsor for the Surface Transportation Program funds; and

WHEREAS, The MTC created a special grant program under the Surface Transportation Program called Transportation for Livable Communities (TLC) to fund small-scale transportation improvements that may make a big difference in a community's vitality and identity; and

WHEREAS, The Port of San Francisco wishes to submit grant applications to MTC for funds for the "Embarcadero Promenade Pedestrian Improvements" and "Brannan Street Waterfront" projects; now, therefore be it

RESOLVED, That the Port Commission authorizes the Executive Director to apply for, accept, and expend grant funds for the TLC program from the MTC in the amounts of $196,000 for the Embarcadero Promenade Pedestrian Improvements and $50,000 for the Brannan Street Waterfront.

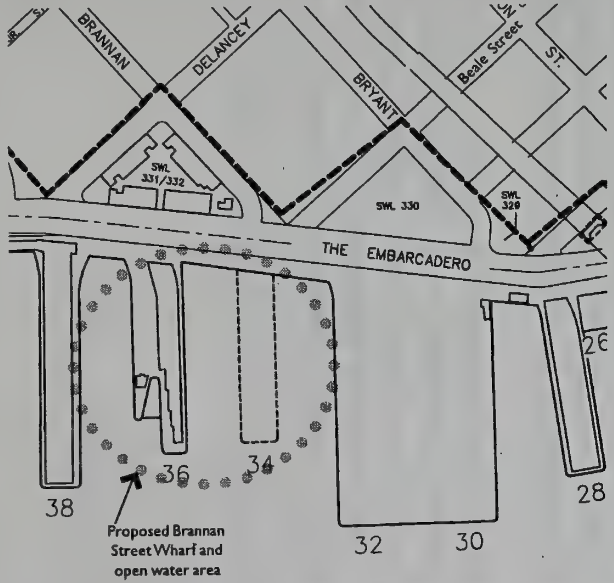
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

____
Secretary

Excerpt from the Waterfront Design and Access Element, Port of San Francisco, pg. 99

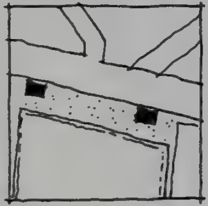
BRANNAN STREET WHARF

(Open Space between Piers 32 to 38)

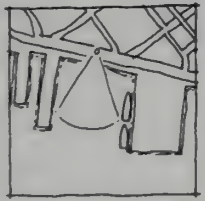


The Brannan Street Wharf will be a major new waterfront open space at the terminus of Brannan Street in the center of the South Beach neighborhood. The open space will extend along the Embarcadero Promenade and out over the water. The precise layout and design will be developed in coordination with the community and will require removal of Piers 34 and 36.

Site

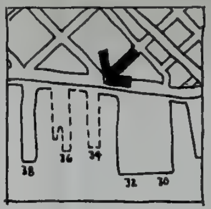


SITE COVERAGE: Provide a public plaza fronting on at least 600 feet of The Embarcadero. Work with residents and businesses in the area to determine plaza design and improvements, and any allowances for accessory uses which promote use of the open space (e.g. snack sales, recreational equipment rentals).



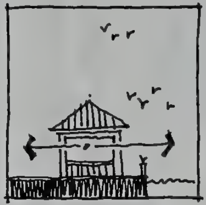
OPEN WATER: Maintain net new open water created by removal of Piers 34 and 36 and creation of the Brannan Street Wharf open space. Allow maritime berthing and activities in the water along the adjacent piers, but not in the open water between them.

Site (continued)

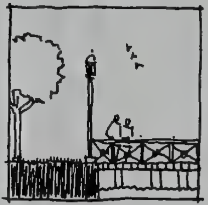


VIEWS: Create views of the Bay from Beale Street by removing Piers 34 and 36.

Orientation

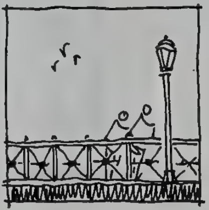


SITE COVERAGE: Orient any new structures to both the Bay and The Embarcadero.

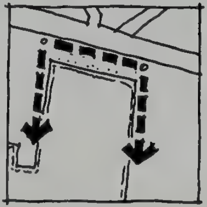


EDGE: Use architectural features to acknowledge the location of the seawall, and the distinction between being over land and being over water.

Architectural Details



CHARACTER: Distinguish the public open space improvements from adjacent private development.



PUBLIC EDGE: Extend and coordinate treatment of edge improvements to emphasize access to public areas on adjacent piers.

PORT OF SAN FRANCISCO

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MEMORANDUM

March 2, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

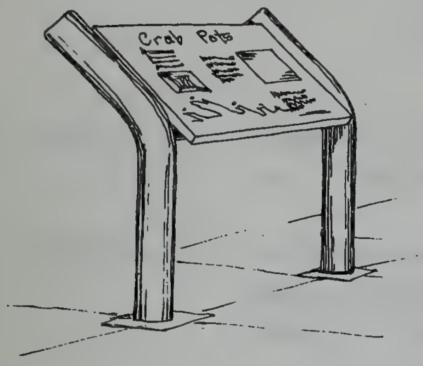
SUBJECT: **Fisherman's Wharf Interpretive Signage Program – Request Commission approval to issue a Request For Proposals for graphic design services.**

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION ALLOWING ISSUANCE OF A REQUEST FOR PROPOSALS FOR GRAPHIC DESIGN SERVICES OF THE FISHERMAN'S WHARF INTERPRETIVE SIGNAGE PROGRAM.

The Fisherman's Wharf Interpretive Signage Program is a project to enhance visitor's enjoyment and knowledge of the Wharf area and fishing industry. This 30 to 35 panel sign program will travel along the edge of the Bay between Powell and Hyde Streets while explaining the history and current workings of the fishing industry and providing geographical orientation to pedestrians. The series of displays is intended to create a memorable self-guided tour through Fisherman's Wharf.

Content for the program was developed by Port staff and reviewed by the Fisherman's Wharf Board of Governors and selected individuals familiar with the history and workings of the fishing industry. The program concept was also previously presented to and approved by the Port Commission in August 1997. The sign panels will include over 50 photographs, diagrams and other graphics to clearly present the information. The draft sign panels are now in need of final program refinement, graphic design, and editing by a consultant. Public review will continue throughout the project refinement stages.

THIS PRINT COVERS CALENDAR ITEM NO. 7E



The project is fully funded by a combination of $200,000 in the Port's 1995-96 Capital Plan and $80,000 in grant funds from the Coastal Conservancy. The estimated cost for the graphic design and editing scope of work is $62,000. Upon completion of the consultant's work the Port will bid the fabrication of the panels. Port crews will construct the round, tubular steel sign supports, a design chosen for its simple waterfront industrial character. Port crews will also install the panels and supports and make minor improvements to assure accessibility to the sign program.

Upon approval from the Port Commission to advertise the graphic design contract, staff hopes to return to the Commission for contract approval in April or May, have the layout and design completed this summer, and have the program installed by the end of the year.

Prepared By: Dan Hodapp, Project Coordinator

I:\Hodapp\Int Sign AS

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-16

WHEREAS, Fisherman's Wharf is a major San Francisco visitor destination receiving over 13 million visitors annually; and

WHEREAS, The historic and current fishing industry is the underlying reason for Fisherman's Wharf popularity, yet the industry is difficult for many visitors to view, or to gain an understanding of its daily functions; and

WHEREAS, The Port Commission previously reviewed the concept for a Fisherman's Wharf Interpretive Signage Program in August, 1997 as a way for the Port to describe the authentic workings of the fishing industry; and

WHEREAS, The Port Commission approved funding for the Program in the 1995-96 Capital Plan and the Coastal Conservancy provided a grant of $80,000 for the program; and

WHEREAS, The Port staff has developed the program concept and 32 draft sign panels, and completion of the program requires the expertise of a graphic designer and editor; now, therefore be it

RESOLVED, That the Port Commission authorizes Port staff to advertise a request for proposals for the Fisherman's Wharf Interpretive Signage Program for professional graphic design services covering program refinement, graphic design, and editing.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

Secretary

The Ferry Arch

The Ferry Arch you see before you is a reminder of the waterfront's grand industrial past. Built in 1913, it served as a gateway for people and cargo moving by ship across the Pacific, along the coast, and across the Bay.

Railcars loaded with cargo would be rolled through the Arch and onto ferries bound for other parts of the Bay. The wooden Arch building houses weights and pulleys that can raise and lower the 100-foot hinged ramp by as much as eight feet, as the water level rises and falls with the tides.

A fire damaged the Arch in 1998. The Port of San Francisco plans to restore it and add a ferry-landing terminal behind it. The Arch will once again mark an important point of embarkation.

The Port of San Francisco

Pier 43 activities in 1915

This sign is a temporary draft that will soon be part of a 30-panel program along the waterfront in the Fisherman's Wharf area. The Port of San Francisco welcomes your comments and suggestions - 274-0625.

Developed by

The Port of San Francisco

With Assistance From

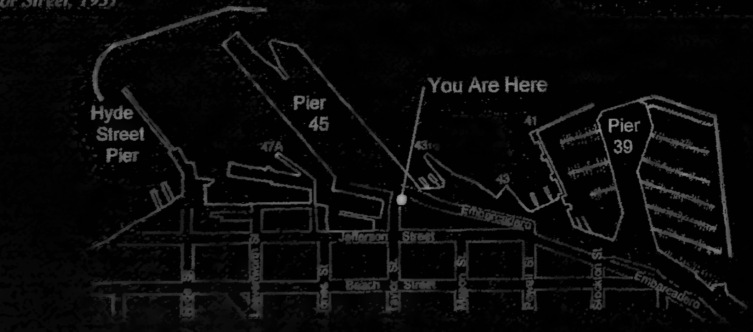
The Coastal Conservancy

Crab Cookers

Dungeness crab has been the favorite product of Fisherman's Wharf for over 100 years. You can savor crabmeat with just a little butter or find countless ways to mix it into most any meal. Some of the early crabstands that drew locals to the waterfront eventually evolved into the family restaurants you see here today.

Taylor Street, 1931

San Francisco Maritime Museum


Hyde Street Pier
Pier 45
47A
You Are Here
43½
41
43
Pier 39
Embarcadero
Jefferson Street
Beach Street
Hyde St
Leavenworth St
Jones St
Taylor St
Mason St
Powell St
Stockton St
Embarcadero

Tony Cresci cooking crab on Taylor Street, Circa 1940

San Francisco Public Library

"Cooked While You Watch"

The crabs are yellow until dropped-in a boiling pot where they become red. To ensure freshness they are dropped in alive and cooked for about 20 minutes.

Dungeness crab is now fished commercially only outside the Golden Gate. They can be found from southern California to Alaska. Most are caught along the coast of northern California.

Developed by:
The Port of San Francisco
With Assistance From:
The Coastal Conservancy

PORT OF SAN FRANCISCO

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MEMORANDUM

March 9, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Authorization to Award Contract to Transocean Funding, Inc. to Finance the Lease Purchase of Maintenance Equipment.**

DIRECTOR'S RECOMMENDATION: Approve Resolution to Award Contract to Transocean Funding, Inc. to Finance the Lease Purchase of Maintenance Equipment.

On October 13, 1998 the Port Commission authorized staff to issue a request for bids to finance the lease purchase of certain maintenance equipment by resolution 98-99. The Request for Bids was issued December 23, 1998. The Request for Bids required that the respondents bid a rate index, and further requested the respondent list the indicative rate based on that rate index for January 12, 1999, to be used for comparative purposes. On January 14, 1999 the Port received two bids, one from Koch Financial Corporation, and one from Transocean Funding Inc. The bid from Transocean Funding, Inc. is the only responsive bid which can meet all of the necessary city requirements. The bid is based on the following rate information:

Company	**Rate Index**	**Rate**
TransOcean Funding	5 year treasuries + 19 basis points	4.94%

Since the bid from Transocean Funding, Inc. was the bid responsive to all city regulations, staff recommends that the contract for financing be awarded to Transocean Funding, Inc.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

The estimated semi-annual payment for the Transocean Funding, Inc. bid is $22,816.34, based on an estimated cost of equipment of $200,000 and an interest rate of 4.94%, for a total estimated annual payment of $45,632.68. A copy of the amortization schedule based on these assumptions is attached for your reference. Also attached is a list of the equipment to be lease financed under this contract.

Prepared by: Stephanie Downs, Finance Manager

Attachment

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-08

WHEREAS, The Port Commission has approved the issuance of a request for bids to finance the lease purchase equipment by Resolution No. 98-99; and

WHEREAS, The Port issued a Request for Bids to Finance the Lease Purchase of certain Maintenance Equipment on December 23, 1998; and

WHEREAS, The Port received two bids pursuant to the Request for Bids on January 14, 1999, one from Koch Financial and one from Transocean Funding; and

WHEREAS, Transocean Funding, Inc. is the only firm which is able to comply with all City requirements; now, therefore, be it

RESOLVED, That staff is directed to award the contract for equipment financing to Transocean Funding, Inc. which is the only responsive bidder that is able to comply with all City requirements; and, be it further

RESOLVED, That the Executive Director is hereby authorized to enter into a Lease Purchase Agreement with the Transocean Funding, Inc., for the purchase of up to $200,000 of maintenance equipment, plus cost of financing as based on the bid.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 1999.

____
Secretary

San Francisco Port Comm.

$200,000 Cap Cost
Semi-Annual in arrears
Five Year Maturity

Transocean Funding, Inc.

Lessee Name: San Francisco Port Lease Program
4.94% Interest Rate Assumption

Date	Amount	Principal	Interest	Prepayment Purchase Option*
9/1/99	$22,816.34	17,876.34	4,940.00	
3/1/00	$22,816.34	18,317.89	4,498.45	170,358.00
9/1/00	$22,816.34	18,770.34	4,046.00	
3/1/01	$22,816.34	19,233.97	3,582.38	130,833.52
9/1/01	$22,816.34	19,709.05	3,107.30	
3/1/02	$22,816.34	20,195.86	2,620.48	89,332.42
9/1/02	$22,816.34	20,694.70	2,121.64	
3/1/03	$22,816.34	21,205.85	1,610.49	45,755.84
9/1/03	$22,816.34	21,729.64	1,086.70	
3/1/04	$22,816.34	22,266.36	549.98	1.00

Equipment	**Estimated Cost**	**Reason Needed**
Hydrostatic Roller	$15,400	To replace 12 year old roller.
22" Containment Boom	13,200	New boom required by BCDC to contain toxic spills.
Orbital Pipe Cutter	16,500	Will allow for quicker repair of under Pier pipes.
Aerial Man Lift	36,300	Replacement lift for existing truck.
Auto Diagnostic Equipment	11,000	New equipment to meet current smog standards.
2 Diesel Generators	41,500	Replacement for old trailer-mounted emergency generators.
10' Heavy Duty Boat	48,400	Replacement for existing boat which is used for depth surveying and moving vessels.
Total Estimated Cost	**$182,300**	

PORT OF SAN FRANCISCO

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San Francisco, CA 94111
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wwwsfport.com

MEMORANDUM

March 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval to Enter into Revised Exclusive Right to Negotiate with Nice Ventures Incorporated for Redevelopment of the Rincon Park Restaurant

DIRECTOR'S RECOMMENDATION: APPROVE REVISED EXCLUSIVE RIGHT TO NEGOTIATE WITH NICE VENTURES INCORPORATED

BACKGROUND

On July 23, 1998, the Port issued a Request for Proposal ("RFP") for the Restaurant Development Opportunity at Rincon Park. Pursuant to this RFP, on November 10, 1998, the Port Commission approved Resolution 98-106 authorizing staff to execute an Exclusive Right to Negotiate Agreement with Nice Ventures Inc. ("Agreement") to develop and operate a restaurant located at the southern end of Rincon Park. Subsequent to Port Commission approval of this item, Nice entered into further negotiations of the economic parameters set forth in Exhibit 1 to the Agreement, the "Principles & Terms for Negotiations." These negotiations resulted in a request by Nice to amend the dates of the Agreement to February 10, 1999, and to further amend the "Principles and Terms for Negotiation" as discussed below. Nice Ventures Inc. signed the Agreement and submitted the required funds to proceed into lease negotiations.

REVISIONS TO PRINCIPLES AND TERMS FOR NEGOTIATIONS

The revised "Principles and Terms for Negotiations" exhibit ("Revised Terms") has been modified over the original "Principles and Terms for Negotiation" ("Original Terms") approved by the Port on November 10, 1998. The primary changes are as follows:

THIS PRINT COVERS CALENDAR ITEM NO. 9A

1. **Options**: The Original Terms provided three 5-year terms. The Revised Terms still provide three 5-year options, subject to legal limitations on maximum lease term for Port property, but provide flexibility to further negotiate the options if necessary to finance the project;

2. **Monthly Minimum Rent During Construction**: The Original Terms did not specify an amount. The Revised Terms propose the amount of $5,000;

3. **Rents/Rent Credits**: The Original Terms stated that Annual Minimum Rent would be no less than $200,000 per year, Percentage Rent would be 6.25% of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits and that rent credits would be negotiated. The Revised Terms state: **EITHER** - percentage rent of 3.00% of gross receipts (less sales tax) versus minimum rent of $200,000 per year and no rent credits - **OR** - Percentage rent of 6.25% of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits for verifiable hard construction and design and engineering costs, not to exceed $6 million. Rent credits shall be taken only in the first fifteen years after commencement of the lease;

4. **Condition of Site**: The original terms stated that the condition of the site would be negotiated between the Port and Nice Ventures Inc. The revised terms state the following:

   Grading – Site to be graded by the City consistent with Waterfront Transportation Project drawings R-35, R-36, R-37, R-38 (approved by the City Engineer on 12/12/97 and attached to this Exhibit), at no cost to tenant;

   Utilities – Utility hookups to be provided by the City to the Embarcadero, at no cost to tenant; and

   Remediation of Hazardous Materials – Port and the Tenant shall share any costs associated with soils remediation or cleanup on a 50/50 % basis, provided that the total costs of the remediation or cleanup does not exceed $100,000. Any additional costs shall be subject to further negotiation between the Tenant and the Port. Tenant's share of cost is recoverable as rent credit.

STAFF RECOMMENDATION

Staff recommends that the Port Commission approve the revisions to the Exclusive Right to Negotiate with Nice Ventures Inc., as set forth herein, the term of which commenced on February 10, 1999.

Prepared by Paul Osmundson
Director, Planning and Development

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-10

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on July 23, 1998, the Port issued a Request for Proposals for the Restaurant Development Opportunity at Rincon Park ("RFP"); and

WHEREAS, On November 10th, 1998, the Port Commission awarded Nice Ventures Inc. the opportunity to enter into an exclusive right to negotiate with the Port pursuant to the RFP; and

WHEREAS, Nice Ventures Inc. subsequently has requested revisions to the Exclusive Right to Negotiate which have been reviewed and recommended by Port staff; and

WHEREAS, The Port Commission has reviewed the Port Staff's recommendation set forth in the Memorandum to the Port Commission dated February 4, 1999; now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port or his designee, to execute a revised Exclusive Right to Negotiate agreement substantially in the form attached as Exhibit A and incorporating the economic parameters set forth in Exhibit 1 to the Exclusive Right to Negotiate outlined in the Memorandum of Agenda Item 9B for the February 9, 1999, Port Commission meeting, a copy of which is on file with the Port Commission Secretary, with the understanding that the final terms and conditions of the Lease and related documents negotiated between Nice Ventures Inc. and Port staff during the Exclusive Negotiation Period will be subject to the approval of the Port Commission; and be it further

RESOLVED, that prior to considering any approval of a Lease and related documents, any environmental review required under the California Environmental Quality Act (CEQA) will be completed; and be it further

RESOLVED, The City Planning Department's Office of Environmental Review has determined that additional environmental review is not required for the project as identified in the RFP/Q. If, through exclusive negotiations, actions and activities are identified that would require additional environmental review, and if such additional environmental review identifies significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project, (3) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (4) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 1999.

Secretary

I:\kirk\pier1excrightnegotiate

REVISED COPY

Exhibit 1: Principles and Terms for Negotiations

Landlord	Port of San Francisco
Tenant	Rincon Restaurant LLC
Party to the Exclusive Right to Negotiate	Nice Ventures, Inc.
Lease Term	25 years
Options	Three 5-year options or terms to be negotiated per bank request to funding of project, subject to legal limitations on maximum lease term for Port property.
Rent	
Annual Minimum	$200,000 per year
Monthly Minimum Rent During Construction	$5,000
Percentage Rent/Rent Credits	**EITHER** - percentage rent of 3.00% of gross receipts (less sales tax) versus minimum rent, and no rent credits - **OR** - percentage rent of 6.25 % of gross receipts (less sales tax) versus minimum rent, with structure to be negotiated in conjunction with rent credits for verifiable hard construction and design and engineering costs, not to exceed $6 million. Rent credits shall be taken only in the first fifteen years after commencement of the lease.
Minimum Rent Escalations	10% every 3 years
Premises	20,000 square foot site, as shown in RFP; 12,000 square foot building footprint at ground floor not to exceed 17 feet in height
Condition of Site	Grading: Site to be graded by the City consistent with Waterfront Transportation Project drawings R-35, R-36, R-37, R-38 (approved by the City Engineer on 12/12/97 and attached to this Exhibit), at no cost to tenant. Utilities: Utility hookups to be provided by the City to the Embarcadero, at no cost to tenant. Remediation of Hazardous Materials – Port and the Tenant shall share any costs associated with soils remediation or cleanup on a 50/50 % basis, provided that the total costs of the remediation or cleanup does not exceed $100,000. Any additional costs shall be subject to further negotiation between the Tenant and the Port. Tenant's share of cost is recoverable as a rent credit on terms to be negotiated.

City Requirements	Tenant will comply with all City requirements, including Non-Discrimination in Contracts and Property Contracts, Tropical Hardwood and Virgin Redwood Ban, City Business with Burma Prohibited, MacBride Principles - Northern Ireland, Tobacco Products Advertising Ban, San Francisco Integrated Pest Management Program, Employee Signature Authorization Ordinance and First Source Hiring Initiative.
Completion Guarantor	To be identified.

EXHIBIT A

EXCLUSIVE RIGHT TO NEGOTIATE

THIS EXCLUSIVE RIGHT TO NEGOTIATE ("Exclusive Right") is entered into as of this 10th day of February, 1999, by and between the **City and County of San Francisco** ("City"), **acting by and through its Port Commission** ("Port"), and Nice Ventures Inc., a California corporation ("Developer") upon the following facts, intentions and understandings of the parties:

A. By a Request for Proposals ("RFP"), dated July 23 1998, the Port solicited submittals of proposals from qualified parties to develop a restaurant on an approximately 20,000 square foot parcel located in the southerly portion of Rincon Park (the "Site"), located in the City and County of San Francisco. Submittals were received by September 30, and the Port Commission awarded the opportunity to enter into exclusive negotiations with the Port at its meeting of November 10, 1998, by Resolution No. 98 - 106.

B. The parties now desire to enter into this Exclusive Right to Negotiate to set forth the terms and conditions upon which Port and Developer will enter into lease negotiations and seek to complete a written lease and such other documents as are necessary to effect the lease of the Site (collectively, "Lease") for Port Commission approval.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term. The term of this Exclusive Right will be for four months, and will commence on February 10, 1999 and will expire on June 10, 1999, unless extended in accordance with Section 3 below. The term of this Exclusive Right, including any extensions, is hereinafter referred to as the "Exclusive Negotiation Period". During the Exclusive Negotiation Period, the Port will not solicit or consider any other proposals or negotiate with any other developer with respect to the development of the Site.

2. Negotiating Fee. Developer shall pay to Port a lump sum by cash payment in the amount of Forty Thousand and No/100 Dollars ($40,000), inclusive of the Twenty Thousand + No/100 Dollars ($20,000) Earnest Money Deposit submitted with the proposal, receipt of which Port hereby acknowledges. The $ 40,000 payment is in consideration for the right to negotiate exclusively with the Port for the Site during the Exclusive Negotiation Period, and is non-refundable whether or not the parties enter into a final Lease.

3. Extension of Negotiating Period.

a. Option Period. Developer shall have four one-month options (each an "Option Period") to extend the Exclusive Negotiation Period, commencing on June 10, 1999. Developer shall exercise each option to extend by written notice of the exercise of such option delivered with a cash, check or money order payment of Five Thousand Dollars ($ 5,000) per Option Period (each an "Option Payment") to Port at the address for notice set forth in Paragraph 9 below, prior to the commencement of the next Option Period. If additional environmental review is required for the project and the parties have been unable to execute a Lease prior to the expiration of the original term of this Exclusive Right (or the preceding Option Period, if applicable) due solely to the failure of the San Francisco Department of City Planning Office of Environmental Review ("OER") to complete its environmental evaluation in time for execution of a Lease, Port shall waive its rights to the applicable Option Payment. This waiver shall not apply if Developer creates a delay, including, without limitation, its failure to comply with requests for information or other OER requirements.

b. Option Payment Non-Refundable. Each Option Payment shall be non-refundable; provided, however, that the Port shall credit any Option Payment against rent due by Developer if the Developer delivers an Option Payment for a subsequent Option Period and the Port Commission approves a Lease for the Site with Developer before the commencement of that subsequent Option Period. Developer's failure to exercise any Option Period in accordance with this paragraph 3 shall extinguish all future Option Periods and shall terminate this Exclusive Right as of the last date of the Exclusive Negotiation Period or the applicable Option Period.

4. Negotiation of Lease.

a. Negotiation of Lease. During the Exclusive Negotiation Period, Port and Developer shall diligently meet, negotiate in good faith, and seek to complete a Lease for the Site in a form approved by the San Francisco City Attorney, incorporating

specific terms including without limitation the Port's and Developer's responsibilities, the economic parameters, development standards and requirements, and a performance schedule. The Lease will be subject to Port Commission approval. The parties are entering into this Exclusive Right to Negotiate based upon certain underlying principles and understandings developed through the RFP process, as set forth in Exhibit 1 attached hereto. The parties shall negotiate the Lease in substantial conformity with the basic principles and terms set forth in Exhibit 1; provided, however, such terms are subject to change by mutual agreement of the parties. The parties acknowledge that the terms of Exhibit 1 merely purport to set forth general principles upon which the parties have agreed; any binding Lease shall be subject to review and approval by the parties, their respective legal counsel, and the San Francisco Port Commission.

b. Final Action Subject to Environmental Review. The Port will not enter into any final Lease for the project which will allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA). Although OER has determined that additional environmental review is not required for the project as identified in the RFP, if, through exclusive negotiations, actions and activities are identified that would require additional environmental review, and if such additional environmental review identifies significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project, (3) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (4) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

5. Regulatory Approvals, Submittals, and Disclosures.

a. Regulatory Approvals. The parties acknowledge that certain regulatory approvals are required for the development of the Project, including, but not limited to, all necessary approvals from the Bay Conservation and Development Commission ("BCDC"), design review by the Port and advisory design review by the Redevelopment Agency (collectively, "Regulatory Approvals"). Additional environmental review by OER, pursuant to CEQA, may be required under certain circumstances. As described in paragraph 4 above, any required additional environmental review by OER shall be completed prior to the approval of any Lease by the Port and the Board of Supervisors. The effectiveness of any such Lease shall be conditioned upon Developer obtaining all other Regulatory Approvals subsequent to approval of any such Lease by the Port Commission and Board of Supervisors.

b. Developer's Obligations. Except as provided in subsection 5.c below, Developer agrees:

(1) It shall diligently and in good faith pursue all Regulatory Approvals;

(2) It shall be solely responsible for applying for and obtaining all Regulatory Approvals, and Developer shall not seek any Regulatory Approval without first obtaining the approval of Port;

(3) It shall bear all costs associated with or complying with any necessary Regulatory Approval;

(4) It will pay and discharge any fines or penalties imposed as a result of the failure of Developer to comply with the terms and conditions of any Regulatory Approval, and Port shall have no liability, monetary or otherwise, for said fines and penalties.

(5) To the fullest extent permitted by law, Developer agrees to indemnify and hold City, Port and their officers, agents and employees harmless from and against any loss, expense, cost, damage, attorneys' fees, penalties, claims or liabilities which City or Port may incur as a result of Developer's failure to obtain or comply with the terms and conditions of any Regulatory Approval.

(6) It will undertake and complete its "due diligence" review of the Site, prepare financial projections, and complete preliminary development plans for the Site, including, but not limited to floor plans, elevations, and renderings.

(7) It will submit to Port, OER, BCDC and any other regulatory agency having approval over the project, all specifications, descriptive information, studies, reports, disclosures and any other information required to satisfy the application filing requirements of those agencies.

c. Port's Obligations. Port agrees that it will cooperate with Developer in filing for, processing and obtaining all Regulatory Approvals, and to the extent required by any regulatory agency issuing a Regulatory Approval, it will join with Developer as co-applicant in filing, processing and obtaining all Regulatory Approvals necessary for the development of the Site. Nothing contained herein shall be deemed to limit or otherwise constrain Port's discretion, powers and duties as a regulatory agency of the City with certain police powers.

6. **Non-Assignment.** The parties acknowledge that Port is entering into this Exclusive Right on the basis of the special skills, capabilities and experience of Developer. This Exclusive Right is personal to Developer and is non-assignable without the prior written consent of Port, which may be withheld in Port's sole discretion. Any attempted assignment of this Exclusive Right, or the dissolution, merger, consolidation or other reorganization of Developer or any cumulative or aggregate sale, transfer, assignment or hypothecation of more than 50% of the total capital stock of Developer shall, at the Port's option, be considered an event of default under this Exclusive Right and, upon Port's notice to Developer, shall immediately and without opportunity to cure give rise to Port's remedies provided in Section 7 hereof.

7. **Default.**

a. Event of Default. The occurrence of any of the following shall constitute a default by Developer after notice of the default and the expiration of the applicable cure period, if any:

(1) Failure to pay any sums due hereunder when due.

(2) Failure to perform or abide by any other provision of this Exclusive Right if such failure is not cured within twenty (20) days after notice has been given to Developer. If the default cannot reasonably be cured within 20 days, Developer shall not be in default of this Exclusive Right if Developer commences to cure the default within the 20-day period and diligently and in good faith continues to cure the default.

(3) Either (i) the filing by Developer of a petition to have Developer adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization or arrangement under any bankruptcy or insolvency law, or a general assignment by Developer for the benefit of creditors; or (ii) the filing by or against Developer of any action seeking reorganization, arrangement, liquidation, or other relief under any law relating to bankruptcy, insolvency, or reorganization or seeking appointment of a trustee, receiver, or liquidator of Developer or of any substantial part of Developer's assets.

b. Port's Remedies. In the event of default, Port, at its option, may terminate this Exclusive Right upon written notice to Developer, sent in accordance with Section 9 below. This remedy is not exclusive, but shall be cumulative with any remedies now or later allowed by law.

8. **Attorneys Fees.** In the event of any action or proceedings at law or in equity between the Port and Developer to enforce any provision of this offer to protect or establish any right or remedy of either party to this agreement, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses as determined by the court, including reasonable attorney's fees, incurred therein by such prevailing party; and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney's fees shall be included in and as a part of such judgment. For purposes of this Exclusive Right, reasonable fees of attorneys of the Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience (calculated by reference to earliest year of admission to the Bar of any State) who practice in the City in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

9. **Notices.** Any notice given under this Exclusive Right shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Port:

Director, Planning & Development
Port of San Francisco
Room 3100, Ferry Building
San Francisco, CA 94111
Telefacsimile: (415) 274-0412
Telephone: (415) 274-0546

Developer :

Nice Ventures, Inc.
1606 Stockton Street
Mezzanine Level
San Francisco, CA 94133
Attention: Reed Hearon, President

Any mailing address or telefacsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Exclusive Right shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A person may not give official or binding notice by telefacsimile. The effective time of a notice shall not be affected by the receipt, original, of a telefacsimile copy of the notice.

10. City Requirements

a. MacBride Principles-Northern Ireland. City urges companies doing business in Northern Ireland to move towards resolving employment inequities and encourages such companies to abide by the MacBride Principles. City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

b. Tropical Hardwood/Virgin Redwood Ban. City urges Developer not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood wood product, or any virgin redwood or virgin redwood wood product.

c. Burma (Myanmar) Business Prohibition. Developer is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a prohibited person or entity as defined in Section 12J.2(G) of the San Francisco Administrative Code. The Port reserves the right to terminate this Exclusive Right for default if the Developer violates the terms of this section.

11. Miscellaneous Provisions.

a. California Law. This Exclusive Right shall be construed and interpreted in accordance with the Laws of the State of California and City's Charter.

b. Entire Agreement. This Exclusive Right contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to such subject matter are superseded in total by this Exclusive Right. No prior drafts of this Exclusive Right or changes from those drafts to the executed version of this Exclusive Right shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider those drafts in interpreting this Exclusive Right.

c. Amendments. No amendment of this Exclusive Right or any part thereof shall be valid unless it is in writing and signed by all of the parties hereto.

d. Severability. Except as is otherwise specifically provided for in this Exclusive Right , invalidation of any provision of this Exclusive Right, or of its application to any person, by judgment or court order, shall not affect any other provision of this Exclusive Right or its application to any other person or circumstance, and the remaining portions of this Exclusive Right shall continue in full force and effect, unless enforcement of this Exclusive Right as invalidated would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the purposes of this Exclusive Right.

e. No Party Drafter; Captions. The provisions of this Exclusive Right shall be construed as a whole according to their common meaning and not strictly for or against any party in order to achieve the objectives and purposes of the parties.

Any caption preceding the text of any section, paragraph or subsection or in the table of contents is included only for convenience of reference and shall be disregarded in the construction and interpretation of this Exclusive Right.

f. Singular, Plural, Gender. Whenever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, and vice versa.

g. Authority. If Developer signs as a corporation or a partnership, each of the persons executing this Exclusive Right on behalf of Developer does hereby covenant and warrant that Developer is a duly authorized and existing entity, that Developer has and is qualified to do business in California, that Developer has full right and authority to enter into this Exclusive Right, and that each and all of the persons signing on behalf of Developer are authorized to do so. Upon Port's request, Developer shall provide Port with evidence reasonably satisfactory to Port confirming the foregoing representations and warranties.

h. Waiver. No failure by Port to insist upon the strict performance of any obligation of Developer under this Exclusive Right or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, and no acceptance of full or partial Rent during the continuance of any such breach shall constitute a waiver of such breach or of Port's rights to demand strict compliance with such term, covenant or condition. Port's consent to or approval of any act by Developer requiring Port's consent or approval shall not be deemed to waive or render unnecessary Port's consent to or approval of any subsequent act by Developer. Any waiver by Port of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Exclusive Right.

i. Time is of the Essence. Time is of the essence of each provision of this Exclusive Right.

WHEREFORE, this Exclusive Right to Negotiate was executed by the parties hereto on the date set forth below.

"Port"

CITY AND COUNTY OF SAN FRANCISCO,
Acting by and through its Port Commission

By:
Director, Planning & Development

Dated:

Approved as to Form:

LOUISE H. RENNE
City Attorney

By:
Deputy City Attorney

"Developer"

By

Its president

Dated: 02/04/99

By

Its CFO

Dated: 2/4/99

H:Rincon Park Rest Exclusive Right, Feb 4

PORT OF SAN FRANCISCO

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San Francisco, CA 94111
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MEMORANDUM

March 2, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian Thomas McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Utility Conditions Permit with NEXTLINK, California, LCC for installation of Fiber Optic Telecommunication Cable within the Public Right of Way, Submerged Lands of the Port and Other Lands of the Port

DIRECTOR'S RECOMMENDATION: APPROVE UTILITY CONDITIONS PERMIT WITH NEXTLINK, CALIFORNIA, LCC

BACKGROUND

NEXTLINK California, LCC, a California certified telecommunications common carrier, has requested approval from the Port to install a fiber optic telecommunication cable on the bay bottom from the San Francisco – Oakland City line to Treasure Island and from Treasure Island to a point on the seawall near Pier 7, then across the Marginal Wharf and the Public Right of Way to The Embarcadero. (See Exhibit A attached.)

The California Public Utility Code provides that public entities including the Port may not charge a fee for access to the Public Right of Way or Public Waterways for the installation of telephone and telegraph facilities. However, reasonable charges can be made for access to and occupation of other public lands. Accordingly, the Utility Conditions Permit with NEXTLINK does not provide for a fee for the access to and occupancy of the Public Right of Way or Public Waterway affected by the permit. However, an annual fee is assessed against that portion of the Permit Area within the Marginal Wharf.

THIS PRINT COVERS CALENDAR ITEM NO. 9B

The fee is based on a formula that assesses an annual fee based on a 9% return on one half the land value of a ten-foot wide easement. Assuming a $200.00 per square foot land value for Marginal Wharf property. This formula results in a $3,600.00 annual fee to the Port; to wit:

400 square feet of Permit Area (40 feet long by 10 feet wide)
x $200.00 (assumed per square foot land value) x .5 x 9% (rate of return)
= $3,600.00

TERMS AND CONDITIONS

1. **Tenant**: NEXTLINK, California, LCC
2. **Permit Area**: A point in the Bay of the San Francisco – Oakland City Line to Treasure Island; Treasure Island to the seawall near Pier 7; across the Marginal Wharf and Public Right of Way near Pier 7 to the Embarcadero, as shown on Exhibit A.
3. **Term**: One (1) year.
4. **Renewals**: Annually by Port upon forty-five (45) days written request. Port may not arbitrary deny a renewal of the Permit.
5. **Permit Fee**: $3,600.00 per year.
6. **Insurance**: $1,000,000.00 General Liability and Worker's Compensation.

ENVIRONMENTAL CLEARANCES:

Port Planning staff believes that this project is "categorically exempt" from California Environmental Quality Act (CEQA) review under the Port's general rule exclusion. However, the Permit will not be signed by the Executive Director until all environmental clearances have been obtained. If CEQA review is required, any approval of CEQA findings will be submitted to the Port commission for approval prior to execution by the Executive Director.

RECOMMENDATION:

Port staff recommends that the Port Commission approve the Utility Conditions Permit with NEXTLINK, California, LCC.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

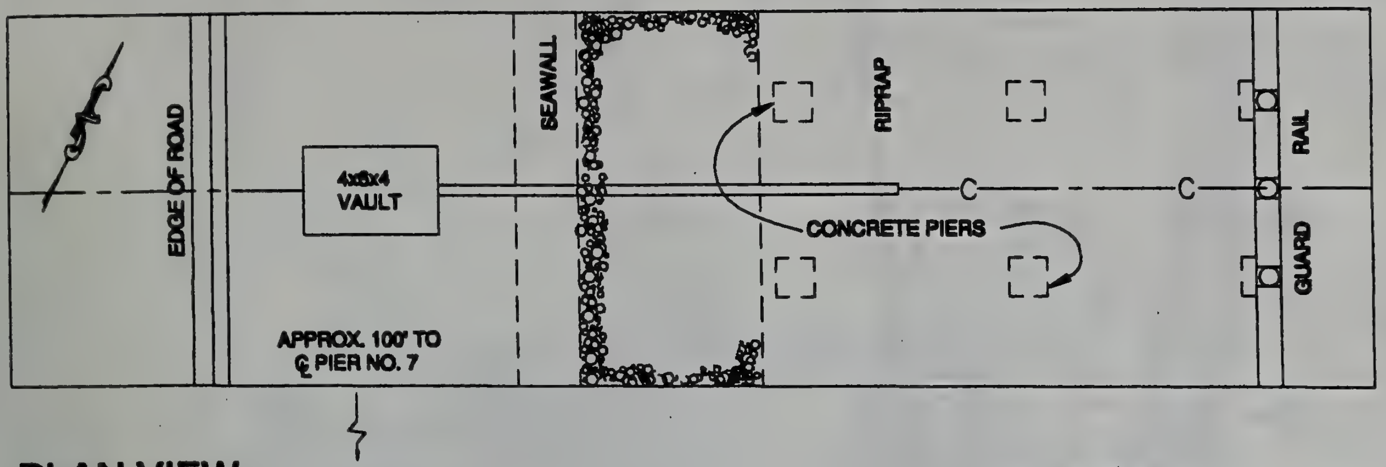
RESOLUTION NO. 99-19

WHEREAS,	Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
WHEREAS,	under Charter Section 3.581 (g) leases granted or made by the Port Commission shall be administered exclusively by the operation forces or the Port Commission; and
WHEREAS,	NEXTLINK, California, LCC, a Washington Limited Liability Company has negotiated the terms of a Utility Conditions Permit for the installation of a fiber optic telecommunication cable from a point in the Bay of the San Francisco – Oakland City Line to Treasure Island, from Treasure Island to a portion on the seawall near Pier 7, and across the Marginal Wharf and Public Right of Way near Pier 7 to the Embarcadero, now, therefore, be it
RESOLVED,	that the Port Commission hereby approves the Utility Conditions Permit Authorizing Construction, Installation and Maintenance of facilities within the Public Right of Way, Submerged Lands and Other Lands of the Port incorporating the business terms set forth in the Memorandum for Agenda Item 9B for the Port Commission meeting on March 9, 1999 and authorizes the executive Director or his designee to execute the Permit and to take such further action as may be required to implement and administer the Permit.

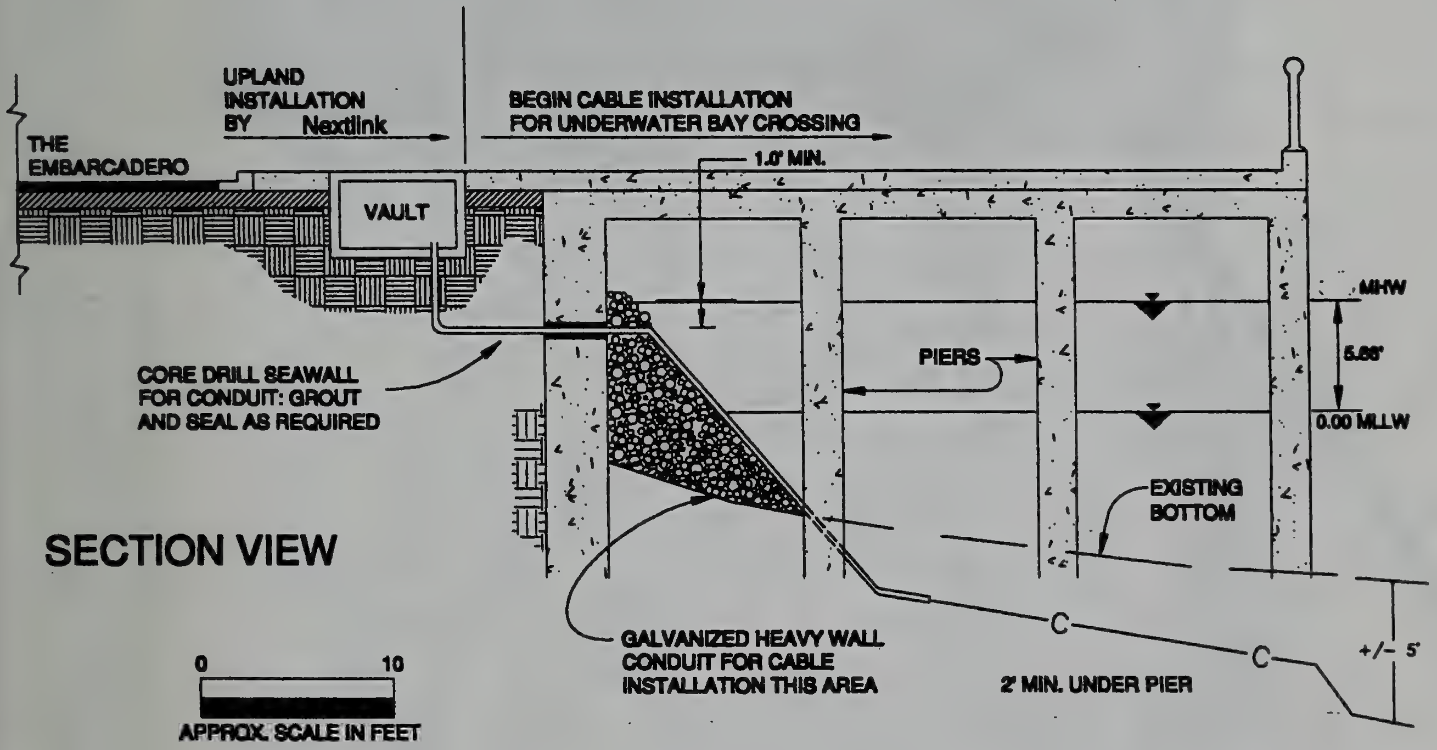
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 1999.

Secretary

\\PACIFICA\USERS\TENANT\WP51\AGENDAS\Nextlink-utility conditions permit.doc


EDGE OF ROAD
4x6x4 VAULT
SEAWALL
RIPRAP
CONCRETE PIERS
RAIL
GUARD
APPROX. 100' TO ℄ PIER NO. 7
TO TREASURE ISLAND

PLAN VIEW


UPLAND INSTALLATION BY Nextlink
BEGIN CABLE INSTALLATION FOR UNDERWATER BAY CROSSING
THE EMBARCADERO
VAULT
1.0' MIN.
MHW
5.66'
0.00 MLLW
PIERS
CORE DRILL SEAWALL FOR CONDUIT: GROUT AND SEAL AS REQUIRED
EXISTING BOTTOM
GALVANIZED HEAVY WALL CONDUIT FOR CABLE INSTALLATION THIS AREA
2' MIN. UNDER PIER
+/- 5'
0
10
APPROX. SCALE IN FEET

SECTION VIEW

(A) SAN FRANCISCO/BAY ENTRANCE POINT

Purpose: Connect Cable Service
From San Francisco to East Bay

Datum: MLLW

Adjacent Property Owners:
1. Port of San Francisco
2. City of Emeryville
3. Port of Oakland

Contents:
PLAN AND SECTION
SAN FRANCISCO – ENTRANCE

Owner: Nextlink of California
1824 Deere Ave., Ste 110
Santa Ana, CA 92705

Project: Fiber Optic Cable Install
In: San Francisco Bay
From: Pier 7 through Treasure
Island to Emeryville
Counties/State: San Francisco
and Alameda Counties, CA
Application By:
NEXTLINK
Sheet 4 of 7 Date: 6/24/98

EXHIBIT A

FIBER OPTIC CABLE INSTALLATION
FOR
NEXTLINK
SAN FRANCISCO BAY

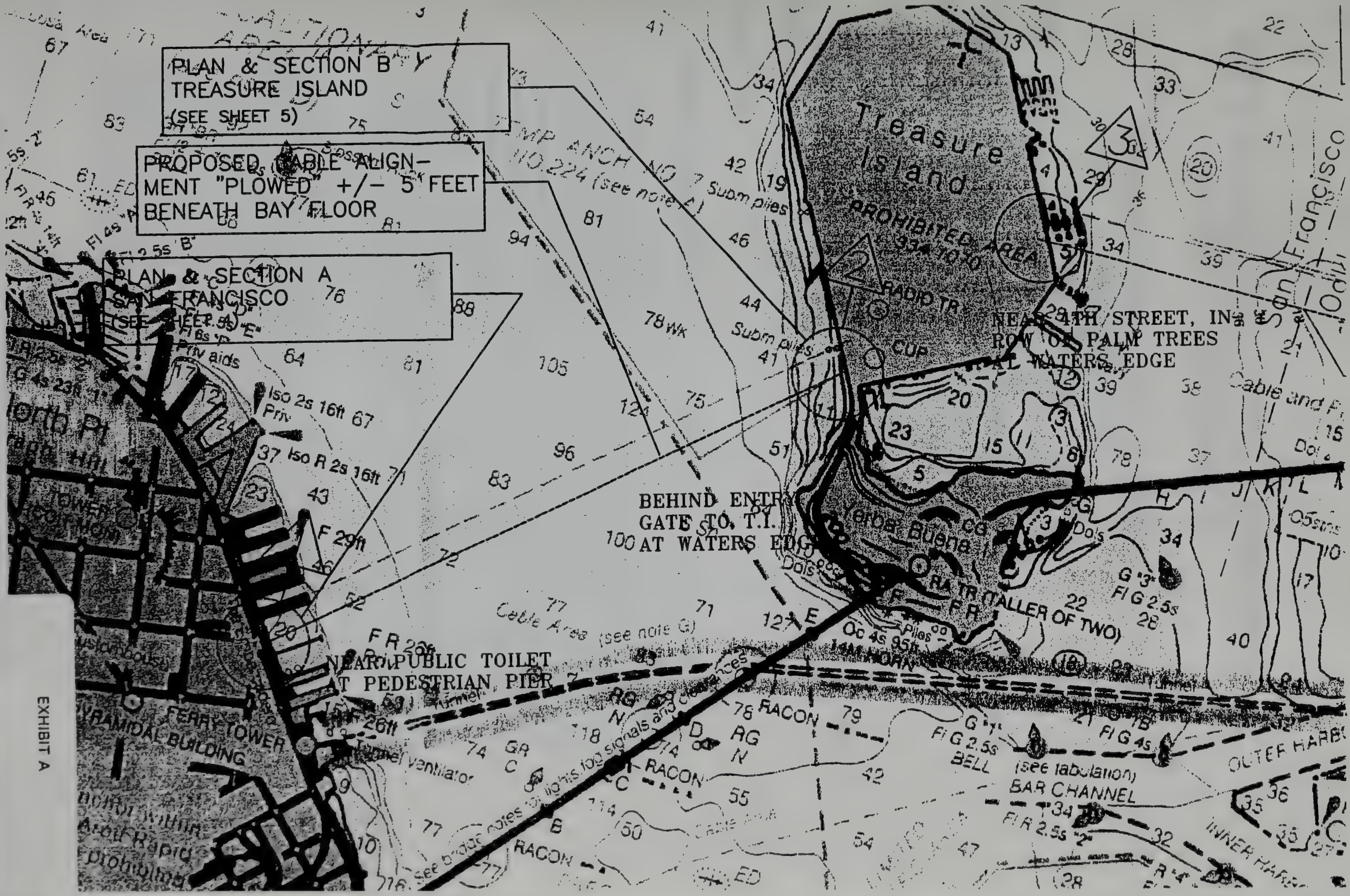

PLAN & SECTION B
TREASURE ISLAND
(SEE SHEET 5)
PROPOSED CABLE ALIGNMENT "PLOWED" +/- 5' FEET BENEATH BAY FLOOR
PLAN & SECTION A
SAN FRANCISCO
(SEE SHEET 4)
Treasure Island
PROHIBITED AREA
RADIO TR
CUP
Yerba Buena
NEAR 4TH STREET, IN ROW OF PALM TREES AT WATERS EDGE
BEHIND ENTRY GATE TO T.I.
100 AT WATERS EDGE
NEAR PUBLIC TOILET AT PEDESTRIAN PIER 7
FERRY TOWER
PYRAMIDAL BUILDING
Cable Area (see note G)
Subm piles
RACON
BAR CHANNEL
OUTER HARB
INNER HARB
RA TR (TALLER OF TWO)
Oc 4s 95ft
14M HORN
Fl G 2.5s
BELL
Fl G 4s
Fl R 2.5s "2"
Iso 2s 16ft
Iso R 2s 16ft
F 29ft
F R 26ft
Tunnel ventilator
Cable and Pi

EXHIBIT A

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
MARCH 9, 1999

1. ROLL CALL

Commission Vice President Kimberly Brandon called the meeting to order at 4:03 p.m. The following Commissioners were present: Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee. Commissioner Denise McCarthy was not present.

2. APPROVAL OF MINUTES - February 9, 1999 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Douglas Wong reported the following:

1) Ballpark Soil Remediation - There has been some recent activity related to the removal of approximately 18,000 yards of dirt from the Giants ballpark site. The Department of Toxic Substance Control (DTSC) has determined that the soil is not a hazard to people or the environment. However, DTSC has not made a final determination about what type of landfill the soil may be disposed in. Based on an initial approval from the State Department of Toxic Substance Control, the developer had begun hauling dirt away from the site to a lined landfill in Altamont. The DTSC subsequently notified the Giants last week that they had mistakenly issued the letter "declassifying" the soil, and ordered the hauling to stop. Irrespective of the outstanding questions about disposal, DTSC maintained its initial determination that the soil does not pose a risk to workers, neighbors, or air or water quality.

   The Port's Environmental Division has been closely monitoring the situation, in conjunction with the Giants hazardous material consultant, the City's Department of Health and the State. Supervisor Tom Ammiano has called a hearing on this matter on Thursday, March 11, 1999, at 1 p.m.

2) Pier 27/29 Public Forum – On Friday, February 26, the Port held a public meeting at lunchtime to discuss the potential surplus of Pier 27/29 as a maritime cargo facility. Approximately 30 members of the public attended the meeting. Paul Osmundson, Planning and Development Director and Peter Dailey, Maritime

Director, made a presentation on the topic. The meeting was intended to allow the public an opportunity to comment on the transitional maritime piers. Staff intends to bring this item to the Commission for its consideration at its March 23rd meeting.

3) Supervisor Ammiano – Port staff briefed Supervisor Ammiano on the status of the Port last week. Staff explained to the Supervisor the major projects and policies that the Port is pursuing. Veronica Sanchez will set up similar briefings for all of the Supervisors, in the interest of staying closely in contact with the Board.

4) Trans-Pacific Lines, Ltd., (TPL) a newly formed independent containership service based out of Hong Kong will begin making biweekly calls at the Port beginning in late April of this year. TPL will provide full-service containerized service between California and the Asia ports of Busan, Manila, Xiamen, Yantian and Hong Kong with transshipment services to South East Asia. Initially, they will call every two weeks with 1800 TEU vessels. Staff expects to increase the volume over Pier 80 by another 9000 TEUs per year.

4. MARITIME

A. Approval of five-year Marine Terminal Agreement with Maruba, S.C.A. (Resolution No. 99-13)

Ms. Jill Simpson, Marketing Manager, indicated that Maruba has called at the Port of San Francisco since 1991 and, at one point, Maruba was the only carrier at Pier 94/96. Recently, a new joint service was formed that included Mexican Line Limited (TMM/TMG), Columbus Line and Maruba s.c.a. The new joint service, however, will provide additional revenue for the Port through increased cargo volumes and vessel calls. While all the carriers involved in the new joint service already call at the Port, the current contracts on file are being cancelled and reissued to reflect the new service structure and partnerships. The Port has concluded negotiations for a new five-year Marine Terminal Agreement (expires November 2003) with Maruba s.c.a., offering a joint service to and from Mexico, Central and South America.

The Agreement contains an indemnity wherein Maruba agrees to indemnify the Port and the City for claims resulting from its acts or omissions at the facility. The Port's standard exculpation clause, under which the Carrier waives all claims against the Port and the City, including claims due to Port on City's negligence, has been deleted from these Agreements pursuant to Maruba's request. In addition, Maruba has requested an indemnity from Port and City against claims caused by Port or City's negligence. The City's Charter requires any indemnities by the City or Port to be approved by the Board of Supervisors. The Agreement provides that upon approval by the Board, parties will sign an amendment to the Agreements to include the Port and City's indemnity. If the Board disapproves the indemnity, Maruba may terminate their Agreements upon 30-days–prior written notice.

The estimated annual revenue is approximately $490,000 from wharfage, dockage, and crane rental, which is to be shared with MTC per our management agreement.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-13 was adopted.

5. REAL ESTATE

A. Approval of second amendment to and restatement of Lease Nos. L-12540 and L-12550 with West Coast Recycling, Inc. at Pier 96 (eastern foot of Cargo Way at Jennings Street). (Resolution No. 99-20)

Mr. Philip Smith, Director of Real Estate, indicated that West Coast Recycling, Inc., a wholly owned subsidiary company of Norcal Waste Systems, Inc., currently leases 197,516 square feet of shed space at Pier 96 Lighter Shed and 107,320 square feet of paved yard space for a waste paper/dry fiber, plastics and metal recycling facility and 3,713 square feet of office space at Pier 96 Administration Building. The five-year term of the existing leases commenced on August 1, 1998 and will expire on July 31, 2003.

The 20-year extension for the Pier 96 Lighter Shed lease is to permit West Coast sufficient lease term to amortize their anticipated $16-18 million investment. Under the existing lease, they have currently invested on Phase 1 and are looking to put in the residual of that investment to do recycling. The need for recycling and maritime transshipment center will permit West Coast and the City of San Francisco to meet the AB 939 of 50% recovery of recyclable materials generated and collected within the City & County of San Francisco.

Over 250 jobs will be created at the Pier 96 facility, over a hundred of which will be incremental to West Coast and Norcal's current work force. For the combined Lighter Shed, paved yard and office premises, West Coast proposes to pay rent to the Port in the amount of $69,986.80 per month adjusted annually by CPI and every five years to market rent for similarly scheduled Port properties. This rent structure is consistent with previously approved Port Commission Rental Rate Parameters. This will provide the Port the annual income of approximately $840,000.

In return for the Port's agreement to lease this maritime facility to West Coast for the additional term, the tenant agreed to ship the products recycled, sorted and containerized at Pier 96 premises through the Port of San Francisco Container Terminal at Pier 80 and has committed to a certain minimum throughput levels. The minimum level of container throughputs as set forth in the lease will result in 30-40% increase over current outbound container handling activity at the Port. West Coast agrees to ship from the Port the following minimum number of twenty-foot equivalent container units during the term of the lease:

By the end of the Third Year:	4800 TEU's per year
By the end of the Fifth Year:	5700 TEUs per year
By the end of the Tenth Year:	7600 TEUs per year

The lease provides for severe economic penalties if these minimum throughput numbers are not met. Recycled paper and dry fiber represents the single largest export in terms of tons for West Coast ports to the Far East. This ready source of export based cargo will enhance the Port's marketing efforts to container cargo line serving the Far East.

All requirements of the California Environmental Quality Act (CEQA) have been met. The Office of Environmental Review (OER) of the San Francisco Planning Department has determined that this project is "categorically exempt" and is also within the Port's general rule exclusion, so there is no need for further environmental review.

Mr. Smith requested the Commission's approval of: (1) the maritime nature of the lease; (2) the fact that Norcal's exclusive right to collect garbage in the City & County of San Francisco would make the solicitation of bids for similar use impractical and infeasible; (3) the ratification of the OER's opinion that the use of the premises as proposed in the lease is categorically exempt from CEQA. He also requested Commission's approval of the extension of both leases.

Commissioner McWilliams indicated that the 7600 TEUs per year configures to approximately 15 point foot loads per day, which is an exportable commodity in containers at Pier 80. Commissioner McWilliams inquired about the truck traffic in the area. Mr. Smith replied that there will be truck traffic leaving the facility to take the dry paper products to other places. This was a commitment by West Coast to ensure that the recyclable component would go by maritime, which in effect will reduce the amount of truck traffic. Mr. Smith added that there will be approximately 350 truck trips daily.

Paul Horcher, Solid Waste Management Program, urged the Commission to approve this item. West Coast operations are spread throughout the State but has chosen San Francisco as its headquarters.

Don Moriel, Vice President of Special Projects for Nor Cal Waste, reiterated that they have committed to the minimum TEUs because of the severe penalties involved if they don't meet the minimum but they hope to do more in the future. They intend to cooperate and ensure they fulfill the maritime commitment. The function they will be performing on Phase 2 is identical to what they are doing now. They have been operating at Pier 96 since early December. Ninety percent of what they process is white paper, corrugated materials and mixed papers of various types from downtown office buildings as well as newspapers collected from the curbside recycling program. In the commercial stream, they will also be collecting certain amounts of aluminum cans, plastics and bottles. Their market has

been 80% export and 20% domestic but varies from time to time depending on what ships are available and how many containers they have to put up.

Alex Lantsberg, project coordinator for the Southeast Alliance for Environmental Justice, indicated that he was only made aware of this matter a few hours ago. Their organization opposes this project and asked the Commission to not approve this item and give them 30-days so they can properly assess the project. There are a lot of activities happening in the area and they are concerned about the health problems as a result of San Francisco's automobile pollution and the industrialization of the Southeast area.

Commissioner McWilliams reiterated that the 350 truck traffic is already there. Mr. Lantsberg replied that would be 350 trucks on top of what's going to happen in the area. There will be more traffic, more congestion and more diesel pollution.

Commissioner Brandon asked if this item has been brought to the Southern Waterfront Advisory Committee. Mr. Smith replied that not only has it been brought to the committee but the committee did not opine to set this matter aside. Port staff and Norcal representatives made a presentation to the committee. Norcal has been more than receptive to protect the environment. A Program EIR was already done under the Waterfront Plan. The Program EIR anticipated a certain number of truck trips based on the industrial type use in that area. The equipment that will go into the plan in Phase 2 will not only modernize the recycling efforts but make it efficient as well. Diesel will be an issue that will be dealt with. Norcal has been responsive in agreeing to deal with mitigations. This project falls well within the mitigation outlined for the Southern Waterfront. The current method is to mitigate those environmental impacts at the source.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-20 was adopted.

6. FACILITIES & OPERATIONS

A. Authorization to reject all bids for Construction Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities Project" and discussion of potential project alternatives. (Resolution No. 99-12)

Mr. Alex Lee, Director of Facilities & Operations, asked for Commission's approval to reject all bids. On October 6, 1998, the Commission authorized the advertisement of Contract No. 2609, "Pier 52 Public Boat Launch and Support Facilities Project." On December 11, 1998, six bids were received. The lowest bidder was considered non-responsive for submitting a blank Human Rights Commission Form 2A. The second low bidder submitted the required HRC Forms, and met the MBE/WBE goals for this project. However, their bid, including a 10% contingency was $2.70 million, approximately $1.17 million greater than the $1.53 million that is available for

construction. Due to the shortfall in funds, staff has concluded it is in the Port's best interest to reject all bids as prescribed by the San Francisco Administrative Code.

Port staff conducted a public meeting on February 19, 1999, to discuss the issues related to the Pier 52 Project, as well as the bid results with members of the recreational boating community, Waterfront Plan Advisory Board, and the Pier 52 design advisory committee. At the meeting, these groups indicated that the 40-space boat trailer parking lot and the crosswalk leading from the parking lot to the existing ramp are the most important elements of the project. These groups also noted that the existing boat ramp is still functional.

Based on the discussion at the meeting, staff is considering an alternative approach to this project. Since the parking lot is the most critical element of this project, staff is considering the feasibility of re-bidding the construction of the parking lot immediately. Port staff intends to return to the Commission in the near future to seek authorization to advertise the parking lot for construction bid. The project would be funded with existing committed Port capital funds, and possibly a portion of the State Department of Boating and Waterways grant funds.

In order to fully fund a new public boat ramp in San Francisco, additional funds are necessary. The Port will approach the State Department of Boating and Waterways regarding the possibility of securing sufficient additional funds in order to build the double-lane ramp that was originally designed. Due to inadequate funding, Mr. Lee staff requested Commission's authorization to reject all bids received for Contract No. 2609.

John Super, from the Bayview Boat Club, indicated that the ramp is the only one in San Francisco used by the public, City and State agencies to launch their boat. On Giants game days, the ramp will be useless without a parking lot. He asked the Commission to have the parking lot built as soon as possible if the ramp cannot be built before the Giants start playing at the new ballpark.

Corinne Woods, waterfront user, indicated that the current boat ramp is only marginally functional. They hope to make it a little better until full funding for the new ramp is available. They are working with Port engineers and one of their architects at the Bayview Boat Club has offered to make preliminary designs to get handicapped accessibility. They will do everything they can to help find matching funds. Since there will be no on-street parking on Terry Francois Blvd. starting in April 2000, getting the parking lot built is critically important. She suggested amending the last three words of the resolution from “in the future” to “immediately.”

Mr. Alex Lee indicated that staff is ready to bring back this item to the Commission either at its next meeting or the first meeting in April.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 99-12 was adopted.

7. PLANNING & DEVELOPMENT

A. Recommendation on selection of respondents to invite to submit proposals for the Hotel Development Opportunity at Broadway and The Embarcadero. (Resolution No. 99-18)

Mr. Paul Osmundson, Director of Planning and Development, indicated that the Broadway Development Site was identified in the Port's Waterfront Land Use Plan as having high-near term revenue-generating potential for the Port, and that optimizing revenue should be a strong consideration in its development. The seawall lots comprising the site are among the few parcels on Port property on which the Waterfront Plan indicates a hotel use as an acceptable land use. Pursuant to the Waterfront Plan, the Port established the Broadway Development Site Advisory Group to provide input on the development concept for a hotel use at the site. The Advisory group met last August and September and provided input and advice to staff. Port staff retained the following independent design and financial consultants to advise it and the advisory group in formulating the development concept for the RFQ/P: Robin Chiang & Company, Architects; and HVS International, a hospitality/hotel consulting and appraiser economics firm. The Advisory Group made a number of recommendations concerning planning and design issues which were incorporated into the RFQ/P.

On October 27, 1998, the Port Commission authorized issuance of the RFQ/P, which was subsequently issued on November 18, 1998. Staff publicly noticed the availability of this opportunity both locally and nationally. As a result of this outreach program, more than 200 copies of the RFQ/P document were distributed.

The RFQ/P stated that the Port is seeking a developer to ground lease the Site and develop and operate a first-class full-service hotel on the Site. The successful respondent needs to demonstrate extensive experience in financing, developing and managing full-service hotels of first-class quality. Because the ground lease with the Port will be unsubordinated to any financing obtained by the developer, the successful respondent needs to demonstrate its ability to access equity and/or subordinate mortgage capital required to fund the development. The RFQ/P states that: "Experience in the development and operation of first-class full-service hotels, and the financial capacity of responding developer/operators, including in particular the ability to access equity and/or subordinate financing, will be the most important criteria considered by the Port."

Mr. Osmundson thanked the following Advisory Group members for their efforts: Mike Franklin, Gentle Blythe, Joe Luttrell, Jasmine Kaw, Kari Ludwig, Bob Wilhelm, Carlos Afre, Flicka McGurrin and Craig McCabe.

The RFQ/P provides for a selection process which consists of three stages: the Qualifications Phase, in which candidates submit their experience and financial qualifications; the Proposals Phase, in which the most qualified candidates will be

invited to submit detailed proposals; and the Exclusive Negotiations Phase, in which the Port will select a qualified developer and negotiate and finalize the development agreement and 66-year ground lease.

Port staff received three responses to the RFQ/P: Stanford Hospital Inc., Promus Hotel Corporation, and Tom Flowers Associates.

A comparison table attached to the staff report outlines the experience of the teams with respect to the developer, the architects and other key team members and a brief description of their concept. Port staff reviewed the submittals of the three respondents for completeness and for conformance with the requirements of the RFQ/P. Based upon the information provided in the submittals, Port staff evaluated the development and operational experience of the respondents and their financial capacity, with assistance and input from HVS, the independent financial advisor. Port staff concluded that both Stanford and Promus submitted responses that at this phase are responsive to the RFQ/P, but that Flowers' submittal is not responsive. HVS concluded that Stanford and Promus were worthy of further consideration and should be invited to submit proposals at the next phase of the RFQ/P. Staff believes that the development concept that Tom Flowers & Associates proposed would be deemed non-responsive to the RFQ/P because of several items, most notably the proposal that the design of the project be amended so that towers would be allowed to exceed the 65 foot height limit that the advisory group suggested.

Mr. Osmundson noted that the Parcel C is owned and controlled by the Department of Public Works. In February, the Board of Supervisors approved, in concept, the transfer of that parcel from DPW to the Port and the incorporation of that property in this development concept. The Board passed that resolution expressing their agreement in concept of the project but noted that the design and the height of the buildings would be a major and significant issue in the subsequent regulatory approvals for the project.

Mr. Osmundson recommended that Stanford and Promus be invited to submit proposals for the hotel development and operation opportunity on the Site. As a part of this invitation, these two respondents will be requested to provide additional information regarding their qualifications, and will be afforded the opportunity to supplement and modify their teams, and to expand, modify and refine their development concepts. The recommended deadline for receipt of these proposals is Tuesday, May 11, 1999.

Tom Flowers indicated that he disapproves of staff's recommendation that his proposal is deemed non-responsive. He strongly urged the Commission to reject staff's proposed recommendation and refer the matter to the Board of Supervisors. He urged that his team be seriously considered to develop a time-share program on the site. Because the property belongs to the City under the Trust Agreement, he suggested that this item be referred to the Board of Supervisors. He has been researching time-shares for five years and this is an ideal location for a time-share concept and a terrible site for a conventional hotel since it is too far from Moscone

Center, the downtown shopping area and the financial district. The time-share business is accelerating all over the world. By developing a time-share industry in San Francisco, it will encourage a lot of people to come to San Francisco. Approximately a third of the hotel business is convention, a third tourist and a third business. A new 400-unit hotel is not going to be attractive to the convention or tourist business. Mr. Flowers reiterated that the report was faulty because it eliminated a lot of key things e.g. his example for design change. He indicated that they can build within the envelope and put 400 units. He would like to sit down with staff to figure out a design that would be attractive to everybody. He also emphasized that one of the key issues not mentioned was the dollars involved.

He estimated that the units (with a bedroom, mini kitchen, refrigerator and balcony) will sell for a minimum of $20,000 each for one week. They propose to give the City $1,000 for each sale. Sales will occur within 2-5 years, which comes to $20,800,000 (400 units x 52 weeks, x $1,000 each), compared to hotel revenue at 5% which comes out to $700,000 a year. His proposal would realize more revenue than the hotel proposal.

Mr. Osmundson indicated that the reason this item is before the Port Commission is because the property is subject to the Tidelands Trust held in Trust by the City & County of San Francisco for the people in the State of California subject to the Burton Act. It is similar to other seawall lots the Commission controls in the Embarcadero. The emphasis of this phase of the selection process is on experience and qualification and not on concept. It's staff's opinion that knowing that the height limit is a big issue for this community on this site, suggesting that the height limit be amended raised questions that the respondent's understanding of that particular site was one of the factors for non-responsiveness. As to the superiority of a time-share concept in terms of financial benefit, at this point, staff is not evaluating the economic benefit of a given proposal. While time-shares are not explicitly prohibited, it is not the concept the Port is seeking through this RFP. Staff's recommendation reflects the criteria put into the RFP with respect to experience with this type of project and what it is seeking for the site.

Mr. Flowers indicated that staff did not even consider the time-share concept. He could not care less about the trust agreement. He is promising that they could sell the time-share units for $5,000 more per unit. By rejecting this concept, the Commission is giving away $20 million. Staff has mischaracterize their proposal. He would like to talk to the planners and consider a different design. He admitted that he lack explanation for his own experience. He admitted that he only has limited hotel experience. He neglected to mention that he was a former president of the western association of venture capitals. He has been in mortgage banking with his own money for 19 years; was a former City manager, Director of the third largest City planning firm in the U.S. thirty years ago; has hands-own relationship with a few hotels he was involved in - hired and fired managers, cooks, bartenders, and cleaning ladies. He reiterated that he has enough experience to put this financial package.

Jennifer Clary, Board of Directors of San Francisco Tomorrow, indicated that the advisory group had very limited input. She asked what the public input from this point forward will be and how they will be kept informed. She suggested reinstating the advisory board so they can have a public venue to find out the status of the project and what's going on with the negotiations. She assumed that staff is going to put in writing about respecting the historic character of the neighborhood and the nature of the business in the area. She's puzzled why three were only three respondents. She was under the impression that a project of this kind would attract many more proposers or developers.

Leo McLaughlin III, Telegraph Hill Dwellers, strongly agreed with staff's recommendation to dismiss the Tom Flowers bid. The Northeast waterfront is an industrial and commercial district featuring many businesses with clients, customers and employees from across the nation and around the world. Currently, these world class businesses have to send their visitors to other distant parts of the City generating traffic, congestion and pollution problems. They feel that it's only as a business hotel that a hotel project makes sense for the site. Any proposal that includes pedestrian bridges over the Davis and Vallejo Street view corridors should be rejected or require to be modified. Such bridges violate the Waterfront Plan, City Planning regulations and basic civic design guidelines. He reminded the Commission that this site lies within the northeast waterfront district. This ordinance places strict limits on signage and numbers of floors that were not reflected in the sample hotel described in the RFQ/P. Echoing the concerns of the Board of Supervisors, he asked that the Commission highlight the restrictions to Stanford and Promus for the next round of bids. He echoed Ms. Clary's concerns and call for reinstatement of the advisory group.

Aaron Peskin, Telegraph Hill Dwellers, indicated that the views and concerns represent the concerns of many residents of the northeast part of the City. The Port is off to an inauspicious beginning on this project. The project has been flawed from the start. The advisory committee met four times and it did not meet in the spirit of what the Waterfront Land Use Plan intended. At its first meeting, the members of the advisory committee were told that this is an opportunity area; it could be a lot of things but they were told it's going to be a hotel. The committee did not necessarily disagree that it shouldn't be a hotel but it was incumbent upon the Port through the Waterfront Land Use Plan process to look at all the things that an opportunity area could be. There was no question that the committee had more than one impact. The committee appreciates that it ended up with the 65-foot hotel which was more in keeping with the surrounding land uses. However, at the first meeting, they were told to decide whether it should be a 400-room or 200-room hotel and were told they were to talk about it during the design concept. At the third meeting, they were informed that Commissioner McCarthy met with Mayor's staff and were told that it was going to be a 350 to 400-room hotel. He noted that, on future projects, it is important to start having a meaningful public input at the beginning and not use the advisory committees as window dressing. The proof that the advisory committee process was flawed is the fact that three of the members of the committee (Telegraph Hill Dwellers, Chinatown Community Development and

Golden Gateway Commons) subsequently wrote a letter to the Port. He hoped that the Commission will take this under advisement for future projects and to respond to the valid concerns with regard to resurrecting the committee.

Mr. Osmundson responded that the future opportunity for public input on this project would be: when the Commission receive the proposals, the decision to award the exclusive negotiations will be presented in public; the environmental review by the City Planning Department culminating in a negative declaration or EIR would be subject to Planning Commission public noticing and public hearing processes, the conditional use permit required will be publicly heard. Any lease or development agreement to negotiate will come back to this Commission for public approvals and the lease will have to go to the Board of Supervisors. There will also be public hearing opportunities for the transfer of that parcel. With respect to the advisory group, staff will take that request very seriously. The historic character of this area is included in the RFQ/P. With respect to the pedestrian bridges, staff notified and informed all of the proposers that this would be an issue with the Planning Department. In terms of the process being flawed, when staff looked at the goals that this site is suppose to accomplish and looked at the other allowable uses -- general office space, residential and retail/commercial -- all of which staff does not believe would meet the goals of the Waterfront Land Use Plan. Through a process of elimination, staff believed that there is only one use that can meet the goals of the Waterfront Plan. While we do not have the same understanding of what the advisory process intended to do, the decision on initiating the process is the Port Commission's. Staff will seek to be more sensitive to the concerns that has been expressed that our processes are flawed and not open to the public. In this instance, there can be no other conclusion with respect to this site that this project best meets the Waterfront Plan, which was subject to 150 meetings.

Ernestine Weiss, Golden Gateway Commons, asked the Commission to give consideration to the time-share idea because of the possibility of over saturation of hotels in the City. Time-share would be interesting because it would be different and serve a different need. She suggested that staff perform a marketing survey and look into the demands for a time-share.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-18 was adopted.

Commissioner McWilliams announced the arrival of the ship Global Mariner at Pier 30-32. It is a floating exhibition sponsored by the International Transport Workers Federation and many maritime unions such as the ILWU. It is an exhibition of the plight of seafarers around the world. It is open to the public, free of charge, open Friday, Saturday, Sunday and Monday. He invited everyone to visit and see the display.

B. Adoption of Negative Declaration and approval of Development Agreement with AMB Property Corporation for the development of Pier One as a maritime office project. (Resolution No. 99-17)

Mr. Paul Osmundson, Director of Planning and Development, indicated that this an extremely exciting opportunity. This is an item that would represent the first development project to be implemented under the Waterfront Plan. On behalf of the Waterfront Plan Advisory Board and everybody who cares about the Port, this is an extremely exciting opportunity.

In January 1998, the Port issued a Request for Interest and Qualifications ("RFI&Q") to master lease and develop Pier 1 as a maritime office project. Pursuant to this RFI&Q, the Port Commission by Resolution No. 98-49 awarded to AMB Property Corporation ("AMB") the opportunity to enter into an exclusive right to negotiate with the Port for this project, and an Exclusive Right to Negotiate agreement was executed by the Port and AMB on May 26, 1998 ("Exclusive Right"). The Exclusive Right provided for an Exclusive Negotiation Period expiring on January 26, 1999 (including options), which was extended until February 26, 1999 by Port Resolution No. 99-02.

The Waterfront Plan identifies the Ferry Building area as the key area on the waterfront. It sets out goals and objectives to further an overall program of harbor development to preserve and restore historic structures on the Ferry Building and the waterfront to recall the area's historic use and to accommodate new uses, provide maritime facilities for ferry and excursion boats, throughout a mixed of uses emphasizing the civic importance of the area, extend the Port walk providing more convenient direct public access, restore the area as a major transit center, provide efficiently planned parking and loading facilities, physically integrate the Ferry Building and pursue a mix of public and private resources.

During the Exclusive Negotiation Period, AMB completed its due diligence investigation of the Pier 1 facility, and AMB refined the design and scope of the project, which is reflected in the Scope of Development and Schematic Drawings. The redefined Scope of Development involves the redevelopment and historic rehabilitation of Pier 1 to provide approximately 130,163 usable square feet of office space, approximately 39,340 square feet of public access, and approximately 1,631 usable square feet for the Pier One Deli. After construction is completed, the Port will occupy approximately 45,630 usable square feet for its administrative offices, which will include meeting facilities.

The following has also been accomplished during the Exclusive Negotiation Period:

- The State Lands Commission determined that the project is in compliance with State Trust Purposes.
- On January 5, 1999, the Secretary of the Interior, Keeper of National Register placed Pier 1 on the National Register of Historic Places. The State Historic

Preservation Officer has indicated preliminarily that the proposed project conforms to the Secretary of Interior's Standards for Historic Rehabilitation.

- Port staff and the San Francisco Planning Department completed the CEQA review of the proposed project, resulting in the issuance of a Final Negative Declaration, dated January 21, 1999.
- Part 2 of Historic Preservation Certification Application was submitted to the National Park Service on February 19, 1999.
- The Waterfront Design Advisory Committee (the joint 5-member committee appointed by the Port, the Mayor, and the San Francisco Planning Department) reviewed and gave its favorable support to the Schematic Design of the project on January 27, 1999.
- The San Francisco Planning Department granted a parking exemption on February 16, 1999.
- Meetings have been held with BCDC staff, Engineering Criteria Review Board, and Design Review Board, and with the Army Corps of Engineers, San Francisco Architectural Heritage, the City's Disability Access Coordinator and a Human Rights Commission representative.
- A Permit Application was submitted to BCDC on February 5, 1999.
- Port staff and AMB have negotiated the terms of the Agreements, including the Development Agreement, Lease, and Port Sublease.

He thanked Kirk Bennett, Jennifer Sobol, Alec Bash and all divisions of the Port for their contributions to the project. He thanked the advisory group and staffs of all the City agencies that the Port has worked closely with.

Mr. Kirk Bennett, Manager, Waterfront Development Projects, indicated that the form of the Agreements negotiated by Port staff and AMB consists of a Development Agreement, with other documents concerning the transaction attached as exhibits to the staff report. These exhibits include: the Lease with AMB as the tenant; the Port Sublease for the portion of the facility to be occupied by the Port's administrative offices; Mitigation Measures; a Schedule of Performance; a Scope of Development; Schematic Drawings; Prevailing Wage Requirements; and a Program in Diversity.

Approval is now being sought from the Port Commission for the Development Agreement, including the exhibits. The Development Agreement will be executed by the Port following its approval by the Port Commission and the approval of the Lease and Port Sublease by the Board of Supervisors. The Development Agreement will go into effect immediately upon its execution by the Port and AMB, but the Lease and Port Sublease will not go into effect until certain conditions in the Development agreement are satisfied. Once these conditions have been satisfied, the fully executed Lease and Port Sublease will be delivered to the parties through an escrow. The Lease will immediately become effective when it is delivered to AMB, after which construction can begin. The Port Sublease will become effective upon the completion of construction. Both the Lease and Port Sublease will expire concurrently 50 years following the commencement date of the Lease. The Development Agreement will expire upon completion of construction.

Development Agreement: The purposes of the Development Agreement are to set forth the conditions for the development of Pier 1 by AMB, and to state the conditions for delivery of the Lease for Pier 1 to AMB. The Port will be obligated to deliver the Lease to AMB provided the conditions are satisfied. The Development Agreement provides AMB with the certainty it needs in order to invest further in the design and approval process for Pier 1 and to finalize the project financing. It also protects the Port in that the Port does not have to deliver the Lease unless and until certain conditions are satisfied.

Conditions stated in the Development Agreement for the development of Pier 1 include the following:

- The Port is to deliver Pier 1 to AMB free of existing tenants and occupants, except Pier One Deli.
- AMB is to accept Pier 1 in its "as is with all faults conditions."
- AMB is responsible at its own sole cost and expense to comply with all laws and regulations, and to obtain all regulatory approvals necessary to undertake the planned development.
- AMB is responsible to perform any investigation and remediation of hazardous materials, including conditions existing prior to delivery, but only to the extent legally required as a result of AMB's construction activities. AMB is responsible for all costs in developing the site, obtaining utilities, and constructing improvements.
- AMB will improve the site in conformance with the Schedule of Performance, Scope of Development, and Schematic Drawings. The construction design documents are defined and the procedure for the Port to approve the construction design documents is established, with the first step being approval of the Schematic Drawings by the Port Commission.
- AMB is to comply with the mitigation measures identified in the Final Negative Declaration.
- AMB is to follow a Program in Diversity in designing and constructing the improvements, and to pay prevailing wages for all construction work.
- The default and legal remedies of the parties are identified, which for the Port include termination, specific performance and damages, and for AMB include termination, specific performance, and limited damages remedies. In addition, if the Port fails to approve or unreasonably withholds its approval as to AMB's submitted requirements (e.g. construction drawings) within the time allowed, AMB may request an expedited non-binding arbitration procedure.
- AMB is to comply with all City requirements, including non-discrimination and first source hiring.
- AMB is to carry insurance and is to indemnify the Port.

The following are the conditions that must be satisfied for the escrow to close, whereby the Lease and the site will be delivered to AMB:

- Port has approved the construction design documents.
- Port has issued a full building permit or a site permit.
- AMB has submitted to the National Park Service Part 2 of the Historic Preservation Certification Application.
- AMB has received all required approvals from regulatory agencies, including BCDC and the Army Corps of Engineers.
- AMB has submitted to the Port an updated Construction Budget, and evidence of a guaranteed maximum contract for the construction of improvements consistent with the Construction Budget.
- AMB has submitted to the Port satisfactory evidence that it has either adequate equity funds or subordinate debt financing to complete the improvements. (Note that this provision does not limit potential financing to only AMB equity).
- AMB has submitted and received approval from Port staff of its Maritime Marketing Program, indicating that AMB has marketed available office space (space not occupied by AMB or the Port) to public trust tenants.
- AMB has submitted a certificate of insurance for required insurance coverage.
- Executed copies of the Lease and Port Sublease have been submitted into escrow.
- AMB has entered into a binding sublease with the Pier One Deli, and the Port has entered into a binding agreement terminating the existing Pier One Deli lease.
- Pier 1 is free of all tenants and occupants, except the Pier One Deli.
- AMB has submitted a First Source Hiring Agreement and an HRC Certificate of Compliance.

Lease: The Lease, which will be delivered through escrow when the above conditions are satisfied, will include the following business terms:

- Premises: The Premises will consist of the existing 118,313 sq. ft. Pier 1 facility, plus some adjacent water area and property, as shown on the Site Plan.
- Term: The term of the Lease will commence upon the close of escrow and expire 50 years thereafter.
- Permitted Uses: The Premises shall be used for offices, meetings, restaurants, and public access uses, subject to the priority of public trust consistent office uses. The Port reserves the right to berth vessels adjacent to the Premises on an emergency basis without the approval of AMB and on a non-emergency basis with AMB's prior written consent not to be unreasonably withheld.

- Minimum Rent: The Minimum Rent to the Port is set at $1,782,859.00 per year, or $148,571.58 per month. (This compares to the current rent being generated from Pier 1 of only approximately $353,712 per year).

  The Minimum Rent equals the Projected Total Rental Income to be received by AMB (including from AMB and the Port for their respective office spaces, as well as from all other users of the pier), less an 11% return to AMB on the Budgeted Total Construction Cost. As shown on the Budget, the Projected Total Rental

Income is set at $5,579,127. Total hard costs, without any contingency, are projected at $28,598,225, and combined hard and soft costs are projected at $37,543,135. These cost projections were reviewed and confirmed by the Port's Engineering Department and by an independent cost estimating firm retained by the Port – Don Todd Associates, Inc. (Note that AMB has agreed not to include in the soft costs any development fees to AMB or any costs related to permanent or take out financing.) They also confirmed that a 15% contingency for design and construction changes for a project of this complexity is very reasonable.

The Port is to receive 50% of the historic preservation tax credits earned by developing this Historic Landmark facility in accordance with the Secretary of Interior's Standards for Rehabilitation. The total amount of the historic tax credits is projected at $6,063,216. Applying the Port's 50% share to reduce the construction costs decreases the Total Construction Costs upon which the Minimum Rent is calculated, to an estimated $34,511,526.

- Minimum Rent Adjustment: The Minimum Rent is to remain constant throughout the term of the Lease, except that it is subject to adjustment after the completion of construction based upon the following factors:

    1. Decrease in Total Construction Costs – In the event that the actual Construction Costs are less than those shown in the Construction Budget, 100% of the cost savings will be applied to increasing the Minimum Rent to the point that it equals the initial Base Rent due AMB from the Port for its space. Beyond this point, only 50% of cost savings would be applied to increasing the Minimum Rent (with AMB retaining the other 50%.)

    2. Increase in Total Construction Costs - Based upon a review of the construction drawings, by cost estimators separately retained by AMB and by the Port, it was agreed that a combined 15% design and construction contingency (or approximately $4.3 million) is reasonable for this project. As a result, in the event that Total Construction Costs increase by an amount of 15% or less, the Minimum Rent will be reduced accordingly. Increases in costs exceeding the 15% contingency will be the sole obligation of AMB.

    3. Adjustments in Usable Area - As subleasing and space planning is completed for subtenants, some adjustments may occur in the usable square footage of each tenant. Corresponding adjustments will be made in the Budget due to changes in usable square feet, but not for changes in rental rates per sq. ft. or in the load factor, which is set at 15%.

    4. Historic Tax Credits - Final eligibility for historic tax credits cannot be conclusively certified until after the construction is completed. However, the State Historic Preservation Officer has given his preliminary indication that the plans for Pier 1 comply with the Secretary of Interior's Standards for Rehabilitation. The Development Agreement requires that, as a condition for

closing escrow, AMB is to have submitted Part 2 of the Historic Preservation Certification Application, and requires that AMB use its best efforts to construct the project in conformance with the Secretary of Interior's Standards for Rehabilitation. While there is thus a high probability that historic tax credits will be received, their receipt is not guaranteed. Should the project not be certified for historic tax credits, the Minimum Rent would be reduced. The Port will have the right to contribute capital to reduce the total Construction Costs to the extent of eliminating any initial net rent due from the Port to AMB.

- Participation Rent: In addition to Minimum Rent, starting on the fifth anniversary of the Term, AMB will pay Participation Rent equal to 50% of the total rental income received by AMB in excess of the Projected Total Rental Income. Participation rent will be calculated and paid quarterly.

  For space occupied by AMB, initial triple net base rent will be set at $40.00 per rentable sq. ft., (including a 15% load factor), which will be increased 18.5% on the fifth anniversary date. AMB's base rent will be adjusted to the market rental rent at each 10-year anniversary thereafter.

- Net Lease: All rent under the Lease will be absolutely net to the Port, with AMB responsible at its cost and expense for managing, improving, operating, maintaining, and repairing the Premises.
- Insurance/Damage and Destruction: AMB will be required to carry Builder's Risk Insurance (during the initial construction), Property Insurance (including earthquake and flood insurance if available at commercially reasonable rates), Commercial Liability Insurance (with limits of $10 million), Worker's Compensation Insurance, Boiler and Machinery Insurance, Business Automobile Insurance, and Business Interruption Insurance.
- Security Deposit: No security deposit is required unless the Port Sublease expires prior to the expiration of the Lease, in which event a security deposit equal to two month's rent will be paid.
- Assignment: In the event that the Port consents to an assignment, which consent is not to be unreasonably withheld, the assignor shall be responsible only for obligations prior to the assignment, with the assignee being responsible for obligations after the assignment. The Port will be paid 50% of all net sums received by AMB for the sale and/or assignment of the Lease.
- Subletting: The Port will have the right to consent to all subleasing, with consent not to be unreasonably withheld, subject to certain conditions, including that the term of the sublease is not greater than 10 years. Reasonable grounds to deny consent include: (1) The use is inconsistent with the Lease; (2) AMB has failed to satisfy the Maritime Marketing Program giving priority to trust-related office uses; or (3) the sublease transaction involves an entity which has another lease or business relationship with AMB.
- Indemnity: AMB will indemnify the Port.

- Mitigation: AMB will be required to contribute to the City's Child Care and Affordable Housing Funds, and to pay a Transit Impact Development Fee. These contributions are estimated to total approximately $1,137,000. AMB must also construct the project in accordance with the mitigation measures.
- City Requirements: AMB will comply with all City Requirements, including non-discrimination and equal benefits, and first source hiring.
- Leasehold Mortgages: AMB will be permitted to mortgage its leasehold interest (but not the fee) as needed to obtain financing for construction and subsequent improvements.
- Relation of Lease to Port Sublease: Under the Development Agreement and the Lease, AMB will develop Pier 1 as a maritime office project and will pay rent to the Port, which is initially set at $1,782,859.00 per year. AMB also will develop office space for the Port in Pier 1, and the value of this space will be included in the monetary consideration that the Port receives from Pier 1.

  AMB and the Port have the right to offset the rent due the other party under the Lease and Port Sublease. The parties will pay the net amount of rent due the other party. Thus, if the rent due from AMB to the Port under the Lease is greater than the rent due from the Port to AMB under the Port Sublease, net rent will be paid by AMB to the Port, and conversely, if the rent due from the Port to AMB under the Port Sublease is greater than the rent due from AMB to the Port under the Lease, net rent will be paid to AMB. Over time, significant net surpluses to the Port are projected.

Port Sublease: The Port Sublease, which will also be delivered through escrow, will include the following business terms:

- Term: The term will commence when the leasehold improvements to be performed by AMB are substantially completed, and shall expire concurrent with the expiration date of the Lease.
- Sublease Premises: 45,630 usable sq. ft., or 52,475 rentable sq. ft. (with a 15% load), including the bulkhead building and the west end of Pier 1 (toward The Embarcadero), representing 34.6% of the usable area. The Sublease Premises will not include the Historic Railroad Corridor transversing the Sublease Premises, which will be a part of the common area.
- Permitted Use: General office use and meeting use.
- Base Rent: Initial Base Rent of $1,836,608.00 ($35.00 per rentable sq. ft., triple rent), or $153,052.00 per month. Base Rent will be increased by 18.5% at the fifth anniversary. Base Rent will also be adjusted to fair market value on each tenth anniversary, but not to less than the Initial Base Rent.
- Utilities, Service, Maintenance and Repairs: AMB will furnish the Sublease Premises with electricity, water, and heating, air conditioning and ventilation. The Port shall be responsible for services and maintenance within the Sublease Premises and within the Historic Railroad Corridor, which it can perform using Port employees or its contractors. AMB will be responsible for services and

utilities to the Public Areas. AMB shall be responsible for maintaining the Building Structure, the Building Systems, and the Public Areas.

- Reimbursement for Operating Expenses and Taxes: The Port is to reimburse AMB for its prorata share of Operating Expenses incurred in connection with the ownership, management, operation, and repair and maintenance of the Premises, excluding certain expenditures, such as capital expenditures, rent paid under the Lease, repair of damage covered by insurance to be carried by AMB, depreciation, interest and other debt service, and services which AMB provides separately to other tenants. While the Port will be responsible for also reimbursing AMB for certain taxes and other impositions, it will not be responsible for reimbursing possessory interest taxes or other taxes if its tenancy is exempt.
- Option to Expand: Upon each ten-year anniversary of the Port Sublease, the Port shall have the option to expand into space located between the Port and AMB spaces. This expansion option will be for up to approximately 12,000 sq. ft. at each 10-year anniversary, with a maximum of approximately 30,000 sq. ft. over the term.
- Right to Purchase Leasehold Interest: The Port shall have the right throughout the term of the Lease to purchase back from AMB the leasehold interest relating to the Sublease Premises by paying AMB the present value of the remaining leasehold term.
- Initial Tenant Improvements: AMB shall construct the Port's tenant improvement in the Sublease Premises on a "build-to-suit" basis. Improvements up to the standard allowance of $40.00 per sq. ft. (including architecture, engineering and general conditions) will be covered by the Base Rent. The Port will reimburse AMB for Port tenant improvements which are in excess of $40.00 per sq. ft., amortized over 15 years at 9% per annum.
- Assignments/Subletting: AMB shall have the right to consent to any assignment or sub-letting of the Sublease Premises, which consent is not to be unreasonably withheld, and the Port shall pay to AMB 50% of any transfer premium it receives. This consent and transfer premium will not apply for assignment or subletting of the entire Sublease Premises to a successor agency of the City or the State of California.
- Indemnity: The Port will indemnify AMB against claims or losses arising on the Port's Sublease Premises.
- Appropriations: The Port's obligation to pay rent under the Port Sublease is subject to an annual Board appropriation. In order to provide AMB with certain necessary assurance, the Port agrees that it will not ask the Board of Supervisors for other appropriation for other premises serving the same function as its Pier 1 offices at the expense of an adequate appropriation to pay rent under the Port Sublease. In addition, if the Port Sublease terminates as a result of the Board's failure to appropriate adequate funds for the Port's rent, AMB may offset its lost Port Sublease revenues against rent due under the Lease, subject to a duty to relet and mitigate damages.

Other exhibits to the Development Agreement, which are fundamental parts of the Development are:

- Schedule of Performance: The schedule of performance for AMB under the Development Agreement, which is subject to force majeur, requires completion dates. These required completion dates include that AMB satisfied all conditions by September 30, 1999 with the target date of July 30, 1999. It completes the construction of the substructure and shell improvements and tenant improvements by March 1, 2001 for the target date of December 1, 2000.
- Scope of Development: The Scope of Development for the Pier 1 project to be undertaken by AMB under the Development Agreement.
- Schematic Drawings: The Schematic Drawings, which have been reviewed by and received favorable support from the Waterfront Design Advisory Committee.
- Program in Diversity: AMB has prepared a Program in Diversity, which has been reviewed and approved by the City Attorney's Office and by the City Human Rights Commission's representative.

The staff report includes a table showing a financial analysis comparing the rent from the Lease and Port Sublease under three scenarios reflecting the amount of contingency, actual use and the amount of tax credit actually received.:

According to this analysis, the Port is expected to receive annual rent of approximately $1.0-1.8 Million from Pier 1 (as compared to current revenues of only $354,237). The Port will use these rental payments to offset its rental obligations under the Port Sublease.

Other benefits to the Port include:

- Implementing the goals and objectives stated in the Port's *Waterfront Land Use Plan.*
- Seismically upgrading Pier 1, and protecting this historic maritime resource.
- Preserving Pier 1, which is on the National Register of Historic Places, consistent with the Secretary of Interior's Standards for Rehabilitation.
- Supporting maritime commerce in the form of high quality maritime office space for the Port and other maritime businesses.
- Promoting public access to the Bay.
- Creating environmentally sensitive office space based upon natural ventilation and an innovative radiant heating and cooling system using the Bay for heat exchange.
- Relocating the Port's administrative offices to facilitate the renovation and preservation of the Ferry Building.

- Having new tenant improvements constructed for the Port, and establishing a highly visible and accessible public presence for the Port in this new space fronting on The Embarcadero.
- Providing high quality facilities for public meetings.

Mr. Bennett recommended adoption of the Negative Declaration and Mitigation Monitoring Program, approval of the Development Agreement between the Port and AMB for the development of Pier 1 in conformance with the terms presented, and recommended approval of the Schematic Drawings.

Luis Belmonte, AMB, thanked Port staff for their professionalism during the negotiation period.

Janice Thacher, AMB, indicated that they look forward to being partners and neighbors with the Port on this project. She emphasized that this will be a terrific project that everyone will be proud of. She introduced the SMWM Architects and other members of their team -- Cathy Simon, Dan Cheetam, Michael Bernard, Jill Johnson, Lisa Posternak and their attorneys.

Paul Osmundson also thanked City Attorney Neil Sekhri for his assistance on the project.

Commissioner Lee asked how much will the Port pay AMB if it were to purchase the leasehold interest and what kind of rent will AMB pay the Port. Mr. Bennett explained that staff was concerned about being a tenant at Pier One because the Port would be subject to possessory interest tax. With Legal Counsel Neil Sekhri's assistance, they found out that a public agency is exempt from paying possessory interest tax if the Port has the right to purchase the space back. Staff did not stipulate a specific price but it would be based on the net present value of the remaining rent that is to be received for that term.

Luis Belmonte added that it would be a straight trade. They would receive the net present value of the remaining income stream that the Port would pay them and in effect there would be no more trade off on rent. Their rent would revert to the original amount. It's a straight trade of dollars and there will be no loss to the Port. If the Port pays them a lump sum, they will turn around and pay the Port the rent they would have received from the Port over the remainder of the term.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-17 was adopted.

C. Approval of revised schematic drawings and preliminary construction documents of the Pavilion Building at Pacific Bell Ballpark near Third and King Streets. (Resolution No. 99-14)

Mr. Paul Osmundson, Director of Planning & Development, indicated that on August 25, 1998, the Port Commission approved the Schematic Drawings and Preliminary Construction Documents for the Pavilion Building at Pacific Bell Ballpark. The Commission approval was based on an earlier Port Commission Resolution No. 97-89 approving the China Basin Ballpark Company's ("CBBC") Schematic Drawings and Preliminary Construction Documents for the design of the

China Basin Ballpark.

Since last August's Port Commission approval of the Pavilion Building, CBBC has revised the design with substantial changes that again require Port Commission approval. CBBC has submitted revised Schematic Drawings and Preliminary Construction Documents to the Port Commission for its approval, as required under the Lease Disposition and Development Agreement ("DDA") between the Port and CBBC. These drawings and documents are intended to replace and supercede those that were previously reviewed and approved by the Port Commission.

Mr. Osmundson requested the Commission to adopt the proposed resolution approving the architectural design of the Pavilion Building subject to the design conditions attached in 'Exhibit A'.

Jack Bair, Giants and CBBC, indicated that they have modified the design of the Pavilion Building. Cynthia Faw from Callison Architects will present the revised design. He thanked Port staff for their cooperation and noted that that they have enjoyed working with the Port throughout the whole process.

Cynthia Faw indicated that they met with members of the Commission three times since restarting the design process. They have reached consensus on the following: (1) the development of the site, (2) the relationship of the smaller building to the ballpark, and (3) the development of the individual design details. The site usage shows a smaller site footprint than was previously approved. It is now approximately 30 feet farther back off Willie Mays Plaza. This is an area given back to the plaza for public use. CBBC has proposed uses for the building including restaurant and retail on the first floor and Giants offices on the second and third floors. Ms. Faw showed a drawing that shows what the building and its environs would look like from the Lefty O'Doul Bridge. The view from Willie Mays Plaza shows how they connect the building. The Ballpark is to be clad in brick similar to many buildings in the area. The Pavilion Building also will be clad in brick on the ground floor with multiple windows and doors. The upper two floors will be distinct from the ballpark with a glass and metal curtain wall finish. The concept plans for the Pavilion Building indicate that the signage may be a combination of face signs, large pennant style banners on the building columns, kiosks, and other miscellaneous signs. They would like to make this a very active building and active space 365 days a year.

Mr. Osmundson pointed out that Item 5 on page 3 of the staff report, the square footage should have been 1400 sq. feet instead of 2600 sq. ft. He congratulated the Giants and Callison Architects on the tremendously exciting design of the Pavilion Building.

ACTION: Commissioner Hardeman moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 99-14 was adopted.

D. Authorization for the Executive Director to apply for, accept, and expend $196,000 in grant funds for "Embarcadero Promenade Pedestrian Improvements" and $50,000 in grant funds for the "Brannan Street Wharf" from the Metropolitan Transportation Commission. (Resolution No. 99-15)

Mr. Dan Hodapp, Project Coordinator, indicated that the San Francisco County Transportation Authority (SFCTA) and the Metropolitan Transportation Commission (MTC) have solicited agencies in the Bay Area to submit applications for the "Transportation for Livable Communities" program (TLC). Under this program Port staff has prepared grant applications for two projects: (1) the "Embarcadero Promenade Pedestrian Improvements" for an application under the TLC Capital Program; and (2) the "Brannan Street Wharf" for an application under the TLC Planning Program.

Mr. Hodapp requested Commission's authorization for the submittal of grant applications for these two projects, which are described as follows: Embarcadero Promenade Pedestrian Improvements: The grant request is for replacing a concrete wall and chain link fence with a decorative railing. The project is located along the edge of the proposed Rincon Park. Rincon Park will be a two-acre park with sweeping views of the Bay, the Bay Bridge and of Downtown. The "Embarcadero Promenade Pedestrian Improvements" is part of the larger Embarcadero Roadway urban renewal project. Currently, a 4-foot height concrete wall and chain link fence block expansive views of the Bay along 420 feet of the Embarcadero Promenade adjacent to the park and at the end of Harrison Street. The project, if the Port's application is awarded, will replace the wall and chain link fence with a decorative railing whose design will be consistent with other Roadway and Promenade improvements and will connect finished sections of the Promenade on both ends. Replacement of the wall was not eligible for funding in the current Embarcadero Roadway project.

The grant request for this proposal is for $196,000. The total estimated project cost is $222,000. The Port would seek to meet the local 11.7 percent match of $26,000 through private development projects, or if necessary, return to the Port Commission to seek matching funds.

Brannan Street Wharf: The Port Commission officially recognized the designation of Brannan Street Wharf as a new major open space when it adopted the Waterfront Land Use Plan and its accompanying Waterfront Design & Access element in June 1997. These documents were created through a public planning process that included a 27-member citizens advisory committee, an urban design technical advisory committee and over 100 public meetings.

If awarded, the TLC planning grant will be used to fund an interactive planning and design team. The team may include a public facilitator, planner, landscape architect, cost estimator and feasibility analyst. The team will conduct a collaborative planning process with South Beach residents, business representatives and its Citizens Advisory Committee. Community charettes will be conducted with

a goal of developing a detailed program for the site and encouraging participants to develop design options. The team will also prepare an environmental document, cost estimates, and a funding strategy for the project. The final plan will be presented to the Port Commission for adoption and inclusion into adjoining projects as feasible. The total cost of the Brannan Street Wharf planning project is $60,000 with requested TLC funding of $50,000.

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 99-15 was adopted.

E. Approval to issue Request For Proposals ("RFP") for graphic design services for the Fisherman's Wharf Interpretive Signage Program. (Resolution No. 99-16)

Mr. Dan Hodapp, Project Coordinator, indicated that the Fisherman's Wharf Interpretive Signage Program is a project to enhance visitor's enjoyment and knowledge of the Wharf area and fishing industry. This is a32 panel sign program will travel along the edge of the Bay between Powell and Hyde Streets while explaining the history and current workings of the fishing industry and providing geographical orientation to pedestrians. The series of displays is intended to create a memorable self-guided tour through Fisherman's Wharf.

Content for the program was developed by Port staff and reviewed by the Fisherman's Wharf Board of Governors and selected individuals familiar with the history and workings of the fishing industry. The program concept was also previously presented and approved by the Port Commission in August 1997. The sign panels will include over 50 photographs, diagrams and other graphics to clearly present the information. The draft sign panels are now in need of final program refinement, graphic design, and editing by a consultant. Public review will continue throughout the project refinement stages.

The project is fully funded by a combination of $200,000 in the Port's 1995-96 Capital Plan and $80,000 in grant funds from the Coastal Conservancy. Upon completion of the consultant's work the Port will bid the fabrication of the panels. Port crews will construct the round, tubular steel sign supports, a design chosen for its simple waterfront industrial character. Port crews will also install the panels and supports and make minor improvements to assure accessibility to the sign program.

Upon approval from the Port Commission to advertise the graphic design contract, staff hopes to return to the Commission for contract approval in April or May, have the layout and design completed this summer, and have the program installed by the end of the year. The Fisherman's Wharf Board of Governors reviewed the program this morning and asked that he convey their resolution fully supporting the project and its implementation as soon as possible. Staff will be installing two test panels of the program in the Fisherman's Wharf area in a month, which would give us a chance to take a look at it, comment on it and what the program would look

like and continue to get community comments throughout the life of the project.

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 99-16 was adopted.

8. FINANCE & ADMINISTRATION

A. Authorization to award contract to Transocean Funding, Inc. to finance the lease purchase of maintenance equipment. (Resolution No. 99-08)

Stephanie Downs, Finance Manager, indicated that on October 13, 1998, the Port Commission authorized staff to issue a request for bids to finance the lease purchase of maintenance equipment. The Request for Bids was issued December 23, 1998. The Request for Bids required that the respondents bid a rate index, and further requested the respondent list the indicative rate based on that rate index for January 12, 1999, to be used for comparative purposes. On January 14, 1999, the Port received two bids, one from Koch Financial Corporation, and one from Transocean Funding, Inc. The bid from Transocean Funding, Inc. is the only responsive bid meeting all of the necessary City requirements. The bid is based on 5 year treasuries +19 basis points at a rate of 4.94%. Since the bid from Transocean Funding, Inc. was the bid responsive to all City regulations, staff recommends that the contract for financing be awarded to Transocean Funding, Inc. The estimated semi-annual payment for the Transocean Funding, Inc. bid is $22,816.34, based on an estimated cost of equipment of $200,000 and an interest rate of 4.94%, for a total estimated annual payment of $45,632.68.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-08 was adopted.

9. CONSENT CALENDAR

A. Approval to enter into Revised Exclusive Right to Negotiate with Nice Ventures Inc. for Redevelopment of the Rincon Park Restaurant. (Resolution No. 99-10)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-10 was adopted.

B. Approval of Utility Conditions Permit with NEXTLINK, California, LLC for installation of Fiber Optic Telecommunication Cable within the public right of way, submerged lands of the Port and other lands of the Port. (Resolution No. 99-19)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-19 was

adopted.

10. NEW BUSINESS / PUBLIC COMMENT

Commissioner Hardeman requested staff to look into acquiring a maximum of 12 seats for the Giants new ballpark; luxury boxes will be excluded.

Claude Jacques, Foreign Trade Zone, enthusiastically presented the Commission brochures regarding the Foreign Trade Zone (FTZ) and delivered a confidential proposal to the Commission. He explained what he intends to do at the FTZ and is convinced that they will build the best FTZ on the West Coast. They have embarked on a huge promotion and plans on buying ads explaining the FTZ. Their sales kit is now translated in four languages. They intend to reorganize, assess the market and see how far they can go. They need to find a way to build exhibition room so they would be the only FTZ on the West Coast with an exhibition room. They want to provide the most attractive package of incentives 24 hours a day. They are opening offices throughout the world. They would like to control cargo at its point of departure. This is the only union shop on the West Coast which emphasizes on helping people. Because they have contacts with the World Trade Center, the Consulate, the Department of Commerce, San Francisco Partnership, Chamber of Commerce, World Council and Port staff, they can build the most powerful FTZ. He invited the Commission on December 31, 1999 the millenium party at the most powerful, most resourceful foreign trade zone on the West Coast.

Richard Smith, General Manager of Westar Marine Services, asked for the status of the proposed Letter of Intent for the Pan Pacific Expo. Mr. Douglas Wong replied that the developers are in contact with their financial partners and reanalyzing their program. They intend to come back to the Commission within the next sixty days. They will be looking at different sites and will be evaluating whether San Francisco is right venue for the expo.

Dave Peck, Vice President of Clean Bay Inc. and a tenant at Pier 50, indicated that they too are concerned about the Expo project. It would be disruptive to their business and would be impossible for them to respond to their federal regulated responsibilities if Expo would be situated at Pier 50. He expressed his opposition to the project and asked the Commission to consider another location that would be more suitable and less disruptive to Port tenants.

Commissioner McWilliams indicated that he too is opposed to the Expo project as presented.

Leo McLaughlin III, Telegraph Hill Dwellers, spoke regarding the Broadway Hotel RFQ/P and the Northeast Waterfront Historic District Ordinance. He indicated that the RFQ prepared by staff is an immense document. Despite a request from the advisory group, Port staff chose not to include the text of the historic district ordinance wherein the Planning Guidelines specified what could be built in the site. The invitations to the initial advisory group meetings spoke of the Broadway Hotel site as near the district not in it. Mr. McLaughlin indicated that after a long period of focusing on basic survival, the

Port is finally in a position to work on developments and expansion. For almost half a century, the Telegraph Hill Dwellers have been a very active civic group concerned about the north and northeast waterfront and they welcome and applaud the Port's new focus on a thriving and vibrant northeast waterfront. Their concern as well as other City groups is that the Port's relative inexperience in developing high profile sites in the northeast quadrant of the City such as the Broadway, Pier 27/29 and Pier 45 triangle sites have led to a number of missteps that could have easily been avoided. For the most part, high profile development proceeds in one of two ways: (1) to work every early in the development cycle with interest in civic groups and City officials to define the scope of the project and to continue constant communication throughout or (2) propose a project more or less complete and try to push it through more or less intact. This often results in contentious public hearings, difficult yes-no votes, Planning Commission, Board of Supervisors and sometimes ballot measures and lawsuits. They wish to avoid this so he asked the Commission to seriously consider recommending to staff to create an advisory board for these matters.

George Papadakis, Peer Inn, asked the Commission to consider and approve Max Restaurant's proposal to take over his lease.

Commissioner Hardeman suggested adjourning the meeting in honor of Joe Di Maggio.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 6:50 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is

specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: located at 1300 Battery Street at The Embarcadero
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
*Fog City Diner: Bill Upson

b. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Philip Smith, Director of Real Estate
*Grosvenor Bus Lines: Rubin Glickman

c. Property: Francisco Bay Office Park
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*Stein Kingsley Stein: Lou Giraudo

d. Property: Pier 24-½ (Pier 24 Annex)
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Metropolis Partners, Inc.: David A. Agger

e. Property: Port property located at Seawall Lots 321, 323, 324
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*Allright Cal, Inc.: Mr. Schmidt

f. Property: Pier 72 and Port-owned land adjacent to Potrero Power Plant
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*PG&E: Juan Jayo

12. RECONVENE IN OPEN SESSION

At 8:00 p.m., Commissioners Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in the executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 8:02 p.m.

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5

SPECIAL MEETING – PLEASE NOTE THE DATE/TIME OF THE MEETING
→→→3:00 P.M., TUESDAY, MARCH 23, 1999←←←
3/99 FERRY BUILDING, SUITE 3100
cial SAN FRANCISCO, CA 94111

AGENDA

ular

1. **ROLL CALL**

2. **PUBLIC COMMENT / NEW BUSINESS**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 27/29
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to seek directions from the Commission in drafting the Pier 27/29 Request For Proposals.

b. Property: Seawall Lot 337 located at Terry Francois Blvd. & Third Street
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
CBBC: Jack Bair

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (two cases).

- City & County of San Francisco v. Crushcon, Inc. San Francisco Superior Court, Case No. 300-383.
- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

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MINUTES OF THE SPECIAL MEETING
MARCH 23, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 3:05 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. PUBLIC COMMENT / NEW BUSINESS

Jennifer Clary, San Francisco Tomorrow Board of Directors, indicated that the Pier 27/29 item is not an appropriate item for discussion in the executive session since it is neither a personnel evaluation nor a lease negotiation. She suggested that the item be discussed in open session.

Commissioner McCarthy responded that the Pier 27/29 item has been taken off the executive session calendar and will be discussed in open session.

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:07 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following. The Commission Secretary reiterated that Item B (1) a has been taken off calendar.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Pier 27/29
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
THIS ITEM WAS TAKEN OFF CALENDAR.

b. Property: Seawall Lot 337 located at Terry Francois Blvd. & Third Street
Person Negotiating: Port of San Francisco: Douglas F. Wong, Executive Director
*CBBC: Jack Bair

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (two cases).

- City & County of San Francisco v. Crushcon, Inc. San Francisco Superior Court, Case No. 300-383.
- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC.

4. RECONVENE IN OPEN SESSION

At 4:19 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session. Commissioner Lee seconded the motion.

The meeting was adjourned at 4:20 p.m.

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REGULAR MEETING
4:00 P.M., TUESDAY, MARCH 23, 1999
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - March 9, 1999 Special Meeting
   - March 9, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

      (1) Report on Supervisor Sue Bierman's support for the proposal to name the ferry plaza as "Harry Bridges Plaza."

4. **CONSENT CALENDAR**

   A. Consent to assignment of pipeline agreement by Pacific Gas & Electric Company to Southern Energy Potrero, L.L.C., for premises adjacent to the Potrero Power Plant, and authorization to execute letter agreement regarding pipeline agreement and related matters at Potrero Power Plant. (Resolution No. 99-23)

5. **MARITIME**

6. **REAL ESTATE**

   A. Approval of lease for surface parking between the Port and Allright Cal, Inc. at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (collectively, "Parcel 2"). (Resolution No. 99-21)

7. **FACILITIES & OPERATIONS**

   A. Status report on the Pier 98 Wetlands and Public Access Enhancement Project.

   B. Informational Briefing on the Downtown Ferry Terminal Project.

8. PLANNING & DEVELOPMENT

A. Informational presentation on the Pier 45 Advisory Group.

B. Resolution adopting findings that Pier 27/29 is not needed exclusively for maritime industrial uses and can be utilized for non-maritime uses. (Resolution No. 99-03)

9. FINANCE & ADMINISTRATION

A. Authorization to award Contract to Martin Associates to Prepare an Economic Impact Report for the Port. (Resolution No. 99-22)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. *Due to the Mid-Embarcadero construction, there is no accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Parking is available at Rincon (Spear between Mission & Howard), One Market Plaza (Spear between Market & Mission), Embarcadero Center 4 (Clay between Davis & Drumm) and 50 California Garage (Sacramento between Davis & Drumm).* Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

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San Francisco Lobbyist Ordinance

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
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MEMORANDUM

March 16, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Consent to assignment of pipeline agreement by Pacific Gas & Electric Company to Southern Energy Potrero, L.L.C., for premises adjacent to the Potrero Power Plant, and authorization to execute letter agreement regarding pipeline agreement and related matters at Potrero Power Plant

DIRECTOR'S RECOMMENDATION: CONSENT TO ASSIGNMENT OF AGREEMENT, AND AUTHORIZE EXECUTION OF LETTER AGREEMENT

Background

On December 8, 1976, the Port and Pacific Gas & Electric Company ("PG&E") entered into an Agreement which gave PG&E the right to use Port-owned land adjacent to PG&E's Potrero Power Plant ("Plant") for unloading and transporting petroleum products by pipeline to the Plant (the "Pipeline Agreement"). The Pipeline Agreement was to terminate on February 1, 1984, but gave PG&E the right to extend the term for two successive periods of ten year each . PG&E exercised its first option to extend the term to February 1, 1994, but did not exercise its second option to extend the term to February 1, 2004. Accordingly, under the provisions of the Pipeline Agreement, the term became a month-to-month term.

PG&E has sold to Southern Energy Potrero, L.L.C. ("Southern"), the power generation portion of the Plant. PG&E will retain the transmission and distribution facilities of the Plant.

The Pipeline Agreement requires Port approval for any assignment of the Pipeline Agreement. PG&E has asked the Port to consent to an assignment of the Pipeline Agreement to Southern. Port staff recommends that the Port Commission consent to the

This Print Covers Calendar Item No. 4A

assignment of the Pipeline Agreement from PG&E to Southern in accordance with the terms of the "Consent to Assignment Agreement," ("Consent") a copy of which is attached hereto. The terms of the Consent provide that PG&E will not be released from any of its obligations under the Pipeline Agreement, and that Southern also expressly assumes all of PG&E's obligations under the Pipeline Agreement. Accordingly, by consenting to the Assignment, the Port will have two parties, instead of one, responsible under the Pipeline Agreement.

The Port and PG&E also executed an Agreement dated September 17, 1965, which authorized PG&E to use Port-owned property adjacent to the Plant (the "intertidal strip") for intake and discharge facilities, and which granted to the Port a road right of way through the Plant (or an alternative location suitable to the Port), and rights of way over the old alignment of 23rd Street for access and a railroad spur track (the "Rights of Way Agreement").

Under its agreement to sell a portion of the Plant, PG&E is retaining responsibility to do certain existing environmental remediation. In order to facilitate its environmental obligations, PG&E wishes to acquire access or fee title to the intertidal strip. Port staff is interested in discussing with PG&E an exchange of the intertidal strip for PG&E-owned land on the corner of Illinois and 22nd Streets. Additionally, Port staff and PG&E wish to discuss issues related to possible environmental or hazardous waste issues on the land subject of the Pipeline Agreement, the intertidal strip, other Port-owned land adjacent to the Plant, the Plant property, and the PG&E -owned land at Illinois and 22nd Streets. Accordingly, as additional consideration for consenting to the assignment of the Pipeline Agreement as described above, the Port and PG&E have agreed to enter into a letter agreement (in the form attached hereto) which obligates the Port and PG&E to meet and negotiate in good faith regarding the possible exchange of land, and environmental or hazardous waste issues, as described in this paragraph. Staff will advise the Port Commission and make recommendations regarding any proposed agreements resulting from the discussions with PG&E. Any agreement regarding these matters will not be binding unless approved by PG&E's board of directors and the Port Commission respectively.

Recommendation

Port staff recommends that the Port Commission authorize the Director or his designee to execute the Consent to Assignment Agreement, and the letter agreement regarding related Plant issues, as described above.

Prepared by: Philip Smith, Director, Real Estate

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-23

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Port Commission consent is being sought for the assignment of an Agreement (the "Pipeline Agreement") dated December 8, 1976, between the Port and Pacific Gas & Electric Company, a California corporation ("PG&E"), regarding Port-owned land adjacent to PG&E's Potrero Power Plant (the "Plant") to Southern Energy Potrero, L.L.C., a Delaware limited liability company ("Southern"); and

WHEREAS, the Pipeline Agreement provides that PG&E must obtain the Port's consent to any assignment of the Pipeline Agreement; and

WHEREAS, as partial consideration for the Port's consent to the assignment of the Pipeline Agreement, the Port wishes PG&E to meet and negotiate in good faith with the Port regarding other issues related to the Plant and adjacent land owned by the Port and PG&E in accordance with a letter agreement in the form attached to the Memorandum Agenda Item 4A for the Port Commission meeting of March 23, 1999; now, therefore, be it

RESOLVED, that the Port Commission hereby consents to the assignment of the Pipeline Agreement from PG&E to Southern in accordance with the terms of the Consent to Assignment Agreement substantially in the form attached to the Memorandum Agenda Item 4A for the Port Commission meeting of March 23, 1999 (the "Consent"), and authorizes the Executive Director of the Port, or his designee, to execute the Consent on behalf of the Port; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director of the Port, or his designee, to execute the letter agreement between PG&E and the Port substantially in the form attached to the Memorandum Agenda Item 4A for the Port Commission meeting of March 23, 1999.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 23, 1999.

____

Secretary

CONSENT TO ASSIGNMENT AGREEMENT

This Consent to Assignment Agreement ("Consent") is made as of ________________________, 1999, by the City and County of San Francisco, a municipal corporation, acting by and through the San Francisco Port Commission ("Port"), Pacific Gas & Electric Company, a California corporation ("PG&E") and Southern Energy Potrero, L.L.C., a Delaware limited liability company ("Southern").

Recitals

This Consent is made with regard to the following facts:

A. Port and PG&E entered into an Agreement dated December 8, 1976 ("Agreement"), under which Port granted to PG&E the right to use certain Port-owned lands ("Premises") for unloading and transporting petroleum products by pipeline to PG&E's Potrero Power Plant in San Francisco, California, on the terms and conditions set forth in the Agreement.

B. The original term of the Agreement was from the execution date through February 1, 1984. Pursuant to Paragraph 1 of the Agreement, PG&E had the right to extend the term for two successive terms of ten years each.

C. Paragraph 25 of the Agreement states that any holding over after the expiration of the term of the Agreement shall be on a month-to-month basis, and the Port may cancel the agreement upon thirty (30) days' notice.

D. PG&E exercised its first option to extend the term of the Agreement to February 1, 1994, but did not exercise its second option to extend the term to February 1, 2004. Accordingly the term of the Agreement is on a month-to-month basis.

E. Paragraph 16 of the Agreement provides that PG&E may not assign any interest in the Agreement, or sublet any portion of the Premises without the Port's prior written consent.

F. PG&E has agreed to sell to Southern certain portions of the Potrero Power Plant and, in connection with the sale, has asked the Port to consent to an assignment of all its right, title and interest in the Agreement to Southern under the terms of an Assignment and Assumption Agreement between PG&E, as assignor, and Southern, as assignee ("the Assignment"), a copy of which is attached to this Consent as Exhibit 1.

G. The Port is willing to consent to the Assignment on the terms and conditions set forth in this Consent.

NOW THEREFORE, in consideration of the mutual covenants contained in this Consent, the parties agree as follows.

1. *Consent, Assumption, and No Release.* The Port, without warranting or representing the nature or extent of PG&E's rights or interest under the Agreement, hereby consents to the assignment by PG&E of whatever rights, title and interests PG&E has under the Agreement to Southern pursuant to the Assignment. Southern expressly assumes and agrees for the benefit of the Port to be bound by, and to perform and comply with, every obligation of PG&E under the Agreement. Notwithstanding the Assignment or the Port's consent to the Assignment, PG&E shall remain jointly and severally liable to the Port for the performance of all obligations of PG&E under or arising from the Agreement (including, without limitation, any obligations related to environmental or hazardous waste claims or matters) whether arising before or after the effective date of this Consent.

2. *Subsequent Assignments.* This Consent does not constitute a consent to any subsequent subletting or assignment, and does not relieve Southern or any person claiming under or through Southern of the obligation to obtain the consent of the Port under Paragraph 16 of the Agreement to any future assignment or sublease. Notwithstanding the foregoing, the Port, in its sole and absolute discretion, may consent to subsequent sublettings or assignments of the Agreement, or amend the Agreement, without notifying PG&E and without obtaining its consent, and that action by the Port will not relieve PG&E of liability under the Agreement, provided that in the event of a subsequent amendment to the Agreement without PG&E's consent, PG&E will not have liability for any obligation arising from the amendment.

3. *Default Under Agreement.* If Southern defaults under the Agreement, the Port may proceed directly against PG&E without first exhausting its remedies against Southern or anyone else liable under the Agreement to the Port. Notwithstanding the foregoing, any act or omission of Southern or anyone claiming under or through Southern that violates any provision of the Agreement will be deemed a default under the Agreement by both PG&E and Southern (or anyone claiming under or through either of them).

4. *General Provisions.*

4.1. C*ontrolling Law*. The terms and provisions of this Consent will be construed in accordance with and will be governed by the laws of the State of California.

4.2. *Captions.* Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.

4.3. *Entire Agreement; Waiver.* This Consent constitutes the final, complete and exclusive statement between the parties to this Consent pertaining to the terms of the Port's consent to the Assignment, supersedes all prior and contemporaneous understandings or agreements of the parties, and, subject to Paragraph 2 hereof, is binding on and inures to the benefit of their lawful heirs, representatives, successors and assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any

agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that the agreement modifies this Consent. Notwithstanding the foregoing, the Port and PG&E acknowledge that, as additional consideration for the execution of this Consent, the Port and PG&E have agreed to meet and confer in good faith on a number of issues in accordance with a letter agreement between them of even date herewith. The parties agree that nothing in the foregoing sentence or the letter agreement referenced therein shall bind Southern in any way, and Southern's execution of this Consent will not in any event constitute a consent to, make it a party to, or deem it to participate in any manner with regard to the letter agreement, acknowledgment and obligations of the Port and PG&E as described in the foregoing sentence.

4.4. *Attorney Fees.* If any party commences an action at law or in equity to enforce any provision of this Consent or to protect or establish any right or remedy of any party to this Consent, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and cost of suit and, if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses, and attorneys' fees shall be included in and as a part of such judgment.

4.5. *Notices.* Any notice that may or must be given by any party under this Consent will be delivered: (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to the Port, PG&E, or Southern shall be sent to the respective address set forth on the signature page below, or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this Paragraph 4.5. A notice sent pursuant to the term of this Paragraph 4.5 shall be deemed delivered: (A) when delivery is attempted, if delivered personally, (B) three (3) business days after deposit into the United States mail, or (C) the day following deposit with a nationally recognized overnight courier.

4.6. *Capitalized Terms.* All terms spelled with an initial capital letter in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Agreement.

4.7. *No Brokerage or Finder's Fee.* PG&E and Southern represent that the Port will not be liable for any brokerage commission or finder's fee in connection with the consummation of the Assignment or this Consent. PG&E and Southern will protect, defend, indemnify and hold the Port harmless from any such brokerage commission or finder's fee, and from any cost or expense (including, without limitation, attorneys' fees) incurred by the Port in resisting any such claim. The provisions of this Paragraph 4.7

shall survive the expiration or earlier termination of both the Assignment and this Consent.

IN WITNESS WHEREOF, the Port, PG&E and Southern have executed this Consent to Assignment Agreement at San Francisco, California, on the date set forth above.

PORT:

City and County of San Francisco, a municipal corporation, operating
by and through the San Francisco Port Commission

By: ________________________
Philip M. Smith
Director of Real Estate

Address of Port: San Francisco Port Commission
Ferry Building, Suite 3100
San Francisco, California 94111
Attention: Director of Real Estate

Pacific Gas & Electric Company, a California corporation

By: ________________________
Its: ________________________

By: ________________________
Its: ________________________

Address: ____________________
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Southern Energy Potrero, L.L.C., a Delaware limited liability company

By: ________________________
Its: ________________________

By: ________________________
Its: ________________________

Address: ____________________
____
____

APPROVED AS TO FORM:
Louise H. Renne, City Attorney

By: ________________________
Deputy City Attorney

EXHIBIT 1

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made on ________, __, 199_, by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Assignor") in favor of ____________________________, a ____________ ("Assignee").

For a valuable consideration, the receipt of which is hereby acknowledged, Assignor hereby grants, conveys, transfers and assigns to Assignee all of Assignor's right, title and interest in, to and under the following, to the extent transferable: (i) the leases, licenses and permits (collectively, "**Leases**") which are more particularly described on Exhibit A attached hereto and incorporated herein by this reference, and (ii) the contracts and agreements (collectively, "**Contracts**") which are more particularly described on Exhibit B attached hereto and incorporated herein by this reference. Assignee hereby accepts the foregoing assignment and agrees to pay, perform and discharge, as and when due, all of the agreements and obligations of Assignor under the Leases and Contracts arising after the Closing Date and agrees to be bound by all of the terms and conditions of the Leases and Contracts after the Closing Date.

The provisions of this Assignment are binding upon, and will inure to the benefit of, the successors and assigns of Assignor and Assignee, respectively.

Except as set forth herein or in that certain Purchase and Sale Agreement dated as of ___________, 199 between Assignor and Assignee (the "**Purchase Agreement**"), this Assignment is made without any representation or warranty (express or implied) or recourse against Assignor or Assignee. Assignor's and Assignee's obligations with respect to obtaining any required consents to the assignment of Assignor's right, title and interest in, to and under the Leases and Contracts are set forth in the Purchase Agreement.

The validity, interpretation and effect of this Assignment are governed by and will be construed in accordance with the laws of the State of California applicable to contracts made and performed in such State and without regard to conflicts of law doctrines except to the extent that certain matters are preempted by Federal law or are governed by the law of the jurisdiction of organization of the respective parties.

This Assignment may be executed in any number of counterparts, each of which is an original, but all of which when taken together constitute one and the same instrument.

SCHEDULE 2.1(e)(1)

SCHEDULE OF ASSIGNED LEASES LICENSES AND PERMITS

Subject to Section 5.13 "Maintenance of Assets Pending Closing," any changes between the Effective Date and the Closing will be reflected in an updated Schedule 2.1(e)(1) "Schedule of Assigned Leases Licenses and Permits" and in the exhibit attached to the Assignment and Assumption Agreement (Exhibit D attached hereto) at the Closing.

Potrero Power Plant

1. LEASE TO PG&E

SF-2969 - Lease Agreement between San Francisco Port Commission and PG&E for the use, installation, maintenance and ownership of certain facilities for Pier 8 (AKA pier 70).

SF-3334 - Term extension request for SF-2969.

March __, 1999

Pacific Gas & Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attention: Juan Jayo, Attorney at Law

Re: Agreements re Potrero Power Plant

Dear Sirs/Madams

This letter sets forth certain understandings between the San Francisco Port Commission (Port) and PG&E regarding PG&E's Potrero Power Plant (Plant).

This letter relates to the following existing agreements between the Port and PG&E: (1) an agreement dated December 8, 1976, allowing PG&E to use a portion of Port land for: (A) the unloading of fuel oil at Pier 70, and (B) the delivery of the fuel to the Plant through a pipeline (the "Pipeline Agreement"); and (2) an agreement dated September 17, 1965, which: (A) authorized PG&E to maintain intake and discharge facilities for the Plant over Port owned land (the "intertidal strip"), and (B) created in favor of the Port a road right of way through the Plant over a strip of land known as Humboldt Street, or an alternate location suitable to the Port, if and when the Port undertakes a construction program in the Pier 72 area, and a right of way over the old alignment of 23rd Street for access and a railroad spur track (the "Rights of Way Agreement").

PG&E plans to transfer to Southern Energy Potrero, L.L.C, (Southern) the power-generation portion of the Plant in a sale scheduled to close on or about April 1, 1999 (the close of escrow); PG&E will retain the transmission and distribution facilities of the Plant. PG&E's purchase and sale agreement with Southern requires PG&E to retain responsibility for existing environmental cleanup of the Plant.

PG&E has asked the Port to consent to an assignment of the Pipeline Agreement to Southern by the close of escrow. PG&E has also requested the Port to abandon its potential right of way over Humboldt Street (or alternative site), and the right of way for the spur track. Additionally, PG&E has advised the Port that it believes certain environmental remedial action will need to be undertaken on the intertidal strip owned by the Port to facilitate the environmental remedial action to be undertaken on the Plant property.

The Port has agreed to consent to an assignment of the Pipeline Agreement to Southern on the terms of a Consent to Assignment Agreement of even date herewith (the "Consent"). Part of the consideration for the Port's consent is the execution of this letter agreement in which the Port and PG&E agree to expeditiously discuss in good faith additional issues with the following understandings.

1. The Port has expressed an interest in acquiring certain land owned by PG&E immediately adjacent to the Plant on the corner of Illinois and 22nd Streets (the "PG&E Parcel"). PG&E has expressed an interest in obtaining access to or a fee interest in the intertidal strip

owned by the Port for purposes of conducting such environmental remediation as may be required by the relevant regulatory agencies.

2. PG&E has agreed to review its use and need for the PG&E Parcel and to advise the Port as to whether PG&E is interested in negotiating a possible sale or exchange of the PG&E parcel to the Port which sale or exchange may, in the discretion of the Port and PG&E, in whole or in part, involve the transfer of title to the intertidal strip as set out in paragraph 1 above. The Port acknowledges and agrees that any such sale or exchange, if pursued by PG&E, is subject to compliance with all required approvals from the California Public Utilities Commission and other regulatory agencies with jurisdiction over PG&E and/or the PG&E Parcel.

3. The Port has agreed to investigate the possibility of either granting to PG&E access to or conveying, by sale or exchange, to PG&E a fee interest in the intertidal strip. PG&E acknowledges and agrees that any such access, right, or conveyance, if pursued by the Port is subject to compliance with all required approvals for the transfers including, without limitation, any approval of the State Lands Commission or other regulatory agencies with jurisdiction over the intertidal strip.

4. The Port and PG&E agree to meet to discuss their respective potential liabilities for contamination on (A) the land subject to the Pipeline Agreement; (B) the intertidal strip; (C) Port-owned land adjacent to the Plant; (D) the Plant property; and (E) the PG&E Parcel.

PG&E and the Port understand that no agreement related to the above shall be binding on either of them unless any and all required approvals are obtained, and unless approved by PG&E's board of directors and the Port Commission, respectively.

Please indicate your agreement to the terms of this letter agreement by signing and returning to us the enclosed duplicate original.

Very truly yours,

Philip M. Smith
Director of Real Estate

Agreed:

Pacific Gas & Electric Company, a California corporation

By: ________________________
Its: ________________________

By: ________________________
Its: ________________________

Dated: ________________, 1999

PORT OF SAN FRANCISCO

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MEMORANDUM

March 16, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian Thomas McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of lease for surface parking between the Port and Allright Cal, Inc. at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (Collectivelly, "Parcel 2").

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

On April 28, 1998 the Port Commission approved Resolution No. 98-73, authorizing Port staff to offer through competitive bidding two parcels located in the Northeastern Waterfront and one parcel located in the Central Waterfront, for operation of surface public parking lots. The process was to culminate in three separate leases, each with a term of two years. The successful bidder(s) would be those who proposed the highest rent for each parcel and who met the minimum qualifications for experience and financial standing.

On July 29, 1998, Port staff issued an invitation for bids. A major goal of the Port Commission was to encourage the participation of minority-owned and economically disadvantaged businesses. Staff consulted with the Human Rights Commission and the City Attorney's Office to determine appropriate methods for encouraging participation in the bid process by small, local, women, economically disadvantaged and minority - owned businesses. The Port advertised extensively in a wide variety of publications intended to reach MBE/WBEs. This program was highly successful as the Port received requests for 42 bid packages and eventually received bids from 18 parking lot operators, 56% of which were MBE/WBEs.

THIS PRINT COVERS CALENDAR ITEM NO. 6A

On August 26,1998 a pre-bid conference was held, which included a site tour of the parking facilities. The due date for submittal of bids was September 15, 1998, at which time the bids were opened and ranked in order of highest bid. Copies of the bid results were sent to the Port Commission for review. The high bidders for the three parcels are listed below:

Parcel 1. (Seawall Lot 322-I)	
San Francisco Parking, Inc.	$39,217.00
Parcel 2. (Seawall Lots 321, 323 and 324)	
Allright Cal, Inc.	$67,198.00
Parcel 3. (Seawall Lot 330)	
Richard Stein, dba: City Parking Company	$47,096.00

The Port Commission has approved the two leases for Parcels 1 and 3. Port Staff is now prepared to request Port Commission approval of Lease No. L-12664 for Parcel 2 (Seawall Lots 321, 323, 324) located at Embarcadero, Broadway and Green Streets. The proposed lease terms and conditions are discussed below:

LEASE TERMS AND CONDITIONS

Seawall Lots 321, 323, 324 (Parcel 2)

(1) Tenant: Allright Cal., Inc. (Lease #L-12664)

(2) Premises: Approximately 101,587 square feet of Seawall 321, 323, 324; with option by Port to expand if space north of the Ferry Building becomes available for surface parking operations. For expansion site operations, tenant shall pay to the Port percentage rent equal to 66% of gross receipts, after parking tax.

(3) Term: Two (2) years

(4) Monthly Rent: $ 67,198.00 per month with annual CPI adjustment.

(5) Hotel Development Site. Tenant acknowledges that the planning and pre-construction phases of such a project, and the activities associated with the project may require the Port and/or developer to enter the site to conduct pre-development inspections and surveys. Said activities may include, but are not limited to, geotechnical studies, utility surveys, soils testing, seismic evaluation and miscellaneous site data collection. Port shall give Tenant five (5) days prior written notice of Port's intent to enter Premises for conducting of said surveys or studies.

(6) San Francisco Public Market Collaborative. Tenant shall allow the San Francisco Market Collaborative to operate a farmer's market on the weekends within the leased Premises on Seawall Lot 321 and shall not interfere with their activities thereon. The Market hours of operation will be Saturday 6:00 A.M. to 3:30 P.M. and Sunday 7:00 A.M. to 3:00 P.M.

The Lease includes the following additional provisions:

In addition to Worker's Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance, the Tenant must also carry Garage Liability and Garage Keeper's Insurance with a limit of not less than one million dollars ($1,000,000).

Tenant is required to pay highest general prevailing wages in accordance with prevailing wage rates adopted by the San Francisco Board of Supervisors pursuant to Section 6.37 of the San Francisco Administrative Code.

Additionally, since this parcel is designated as a future development site, the Port shall retain the right to recapture the premises upon sixty (60) days written notice to the operator.

Increase Revenue Analysis

LOCATION	CURRENT BASE RENT	NEW BASE RENT	% INCREASE
SWL 321, 323, 324 (PARCEL 2)	$ 38,060.00	$ 67,198.00	76.56 %

Total Annual Base Rent from the lease will be $806,376.00.

Board of Supervisors Approval of Lease

Under Charter Sections 2.110 and 9.118, leases having anticipated revenue to the City of one million dollars or more are subject to approval by the Board of Supervisors. This lease will require approval by the Board of Supervisors because the lease will generate over one million dollars during its term.

RECOMMENDATIONS

Staff recommends that the Port Commission approve the attached resolution authorizing the Executive Director of the Port to enter into this lease, for a two-year term, with Allright Cal., Inc. for the operation of a public parking lot at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (Collectivelly, "Parcel 2").

Prepared by: Mark W. Lozovoy, Senior Property Manager

G:\ Wp51\Agendas\Parcel2\ML:vw.\2/8/99

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-21

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, Surface parking generates a significant revenue stream to the Port and the Port desires to operate its parking lots in an efficient manner while maximizing revenues; and

WHEREAS, Seawall Lots 321, 323, 324 ("Parcel 2"), are located where demand for parking by both Port tenants and the public is strong; and

WHEREAS, The San Francisco Port Commission authorized Port staff to offer, through competitive bidding, this lease, with two-year term, for surface parking lot operations available to the public, located on Seawall Lot 321, 323, 324 ("Parcel 2"); now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby approves Lease No. L-12664 with Allright Cal, Inc. at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (Collectivelly, "Parcel 2") on terms and conditions outlined in the memorandum to the Port Commission for Agenda Item 6A of the Port Commission Meeting on March 23, 1999, and the Port Commission authorizes the Executive Director of the Port, or his designee, to execute the same on behalf of the Port in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 1999.

____
Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

March 18, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas Wong
Executive Director

SUBJECT: **Status of Pier 98 Wetlands and Public Access Improvement Project**

Background

Since 1993, the Port has been required by an agreement with the Bay Conservation and Development Commission (BCDC) to plan and seek funding for wetland habitat and public access improvements at Pier 98. In 1997, the Port Commission adopted a conceptual design, which included enhancing existing wetlands, creating five acres of new wetland area, and revegetating upland areas with native plants. Proposed public access improvements include trails, educational signs, and picnicking, fishing, and bird viewing areas. By January 1998, the Port had secured funding required to construct the project, including $1 million from the City and County of San Francisco Public Utilities Commission, $500,000 from the California State Coastal Conservancy, $66,000 from the Association of Bay Area Governments, and approximately $668,000 from Port capital funds.

Project Construction

The Port Commission approved the contract award for the first phase of construction, which includes site clearing, excavation and grading, and installing a landfill cap, to Bauman Landscape in September 1998. Bauman Landscape began work in December 1998, and is scheduled to be completed by the end of March.

This Print Covers Calendar Item No. 7A

In accordance with previously approved Port Commission resolutions, two local job training and employment organizations, the San Francisco League of Urban Gardeners (SLUG) and the California Conservation Corps (CCC) will complete the remaining improvements: constructing trails, and planting and maintaining native plants. The Commission has previously approved resolutions exempting SLUG and the CCC from competitive bidding requirements for this phase of work. Port staff anticipates requesting authorization to award the contract and begin in April.

Community Participation and Educational Programs

Since January 1998, Damien Raffa has been working with Port staff, through an internship with the City College of San Francisco, to develop community and educational programs at Pier 98. The response to this effort has been tremendous: more than 300 local residents, teachers and students from pre-school through community college have visited and studied the wetlands at Pier 98 during the past year. More than 20 residents of the Bayview-Hunter's Point community participated in a two-day training in wetlands conservation at Pier 98, sponsored by the California Coastal Conservancy.

Mr. Raffa recently obtained federal grant funds, awarded to the Southeast Alliance for Environmental Justice, to hire and train local residents to assist with public participation and educational programs. These four "team leaders" will be working with Mr. Raffa for at least the next six months to promote appreciation and understanding of the natural history of wetlands through public and school programs at Pier 98.

An Appropriate Name

This spring, Pier 98 will be re-opened to the public. The name, Pier 98, does not reflect the site's true nature as a unique natural habitat and community resource. Each public program at Pier 98 has invited participants to suggest a name for this newly enhanced wetland and park. From the many suggestions, five possible names were presented to the Southern Waterfront Advisory Committee to choose one name. Observing that from an aerial view, the Pier 98 peninsula is shaped like a bird's head, members of the committee chose *Heron's Head Park.* Port staff requests the Commission's input regarding an appropriate name, and proposes to bring a resolution to the Port Commission, formally adopting a new name at a future Commission meeting.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

PORT OF SAN FRANCISCO

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MEMORANDUM

March 17, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Informational presentation on Pier 45 Advisory Group**

In January 1996, Port staff formed the Pier 45 Advisory Group made up of representatives of various constituencies comprising the Fisherman's Wharf community. This Advisory Group was formed to discuss and resolve operational issues concerning Pier 45 and to provide input and guidance on the uses of Sheds A and C, which are located on the east side of Pier 45. Sheds B and D, located on the west side of Pier 45, are currently used exclusively by the fishing industry for fish processing, wholesaling, ice production and gear storage. (A site plan of Pier 45 is attached).

During 1996 and 1997, the Pier 45 Advisory Group accomplished the following:

- Supported the elimination of illegal fish trading on Jefferson Street;
- Conducted circulation and traffic studies of Pier 45 and the adjacent area;
- Developed alternate use scenarios for Sheds A and C; and
- Made recommendations through Port staff to the Port Commission on guidelines regarding long-term uses for Pier 45 Sheds A and C.

On October 14, 1997, by Resolution No. 97-83, the Port Commission adopted the following guidelines recommended by the Pier 45 Advisory Group regarding long-term uses for Pier 45 Sheds A and C:

THIS PRINT COVERS CALENDAR ITEM NO. 8A

- Shed C to be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage, and employee parking;
- Shed A to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area, and include a significant maritime component;
- A portion of Shed A may be used for support space for the USS Pampanito;
- The Pier 45 east apron to be reserved for public access, ceremonial berthing and USS Pampanito access and support; and
- If required for Pier 45 fishing industry tenants, parking shall be provided in Sheds A and/or C.

In this resolution, the Port Commission also approved continuation of the Pier 45 Advisory Group to provide review and recommendations to the Port on the following matters:

- Review and implementation of long-term use guidelines for Sheds A and C;
- Review and implementation of all major interim uses on Pier 45;
- Review development of circulation improvements on Pier 45 and in the area immediately surrounding the Pier; and
- Review water quality protection measures.

A subsequent meeting was held in November 1997 to discuss interim uses for Pier 45 Shed A including the Chinese Lantern Festival and the Spirit of Flight Exposition. After a year hiatus, the Pier 45 Advisory Group reconvened in November 1998 to continue to provide review and recommendations to the Port Commission pursuant to Resolution No. 97-83. At ensuing meetings, the following motions were approved by the Pier 45 Advisory Group:

- The Port should not issue a RFP for the development of Pier 45 Shed A until the Pier 45 Advisory Group formulates a recommendation for the development concept to be included in the RFP, with the goal of completing these recommendations by May 1999. (*Approved November 11, 1998).*

- The Port is encouraged to undertake a dialogue with Red & White Fleet regarding their desire for space at Pier 45. (*Approved November 11, 1998*).

- The Advisory Group will not now vote for or against the Malrite proposal for Pier 45 Shed A, but instead will consider the Malrite proposal as a part of their review over the next few months of the appropriate development concept for Pier 45 Shed A. (*Approved January 19, 1999).*

- Put a process in place for handling all proposals and inquiries regarding Pier 45 Shed A, in which all requests should be forwarded to Kirk Bennett on Port staff who will then set up a presentation by the interested parties to present their plan to the Advisory Group for their review prior to a Port Commission hearing. (*Approved January 19, 1999).*

- The Advisory Group will focus on uses to be included in the RFP for the long-term development of Pier 45, with a workshop approach on developing these uses. (*Approved January 19, 1999).*

- A joint meeting of the Pier 45 Advisory Group along with the Fisherman's Wharf Association, Fisherman's Wharf Port Tenants Association and Fisherman's Wharf Restaurant Association should be scheduled to discuss the proposed development on the Triangle Site; a second meeting should be scheduled to discuss a possible recommendation to the Port Commission that either changes be made in the policies contained in the *Waterfront Land Use Plan* concerning the Triangle Site, or the development of the Triangle Site must comply with the policies currently contained in the *Waterfront Land Use Plan;* and the Port Commission should be requested to continue this item beyond its January 26, 1999 meeting. (*Approved January 19,1999).*

- The long-term uses for Pier 45 Shed A should be physically and visually water-oriented. (*Approved March 16, 1999).*

- Representatives of SPUR, Telegraph Hill Dwellers, and San Francisco Tomorrow should be invited to join the Pier 45 Advisory Group. (*Approved March 16, 1999*).

In accordance with the last motion, Port staff has invited SPUR, Telegraph Hill Dwellers, and San Francisco Tomorrow to designate representative to the Advisory Group, and the following representatives were designated:

- SPUR – David Robinson
- Telegraph Hill Dwellers – Leo McLaughlin
- San Francisco Tomorrow – Jennifer Clary

The current complete membership of the Pier 45 Advisory Group is indicated on the attached list.

The next meeting of the Pier 45 Advisory Group will be on March 30, 1999 at 9:00 a.m. at Scoma's Restaurant. The focus of this and succeeding meetings will be to provide guidance to Port staff in formulating a development concept for Pier 45 Shed A, which complies with the *Waterfront Land Use Plan* and with Resolution No. 97-83. Port staff will then make a recommendation to the Port Commission as to the development concept to be included in a RFP for Pier 45 Shed A, and will seek authorization from the Port Commission to issue a RFP for Pier 45 Shed A. Port staff anticipates seeking this authorization in June 1999.

Prepared by Kirk Bennett
Manager, Waterfront Development Projects

Enc.

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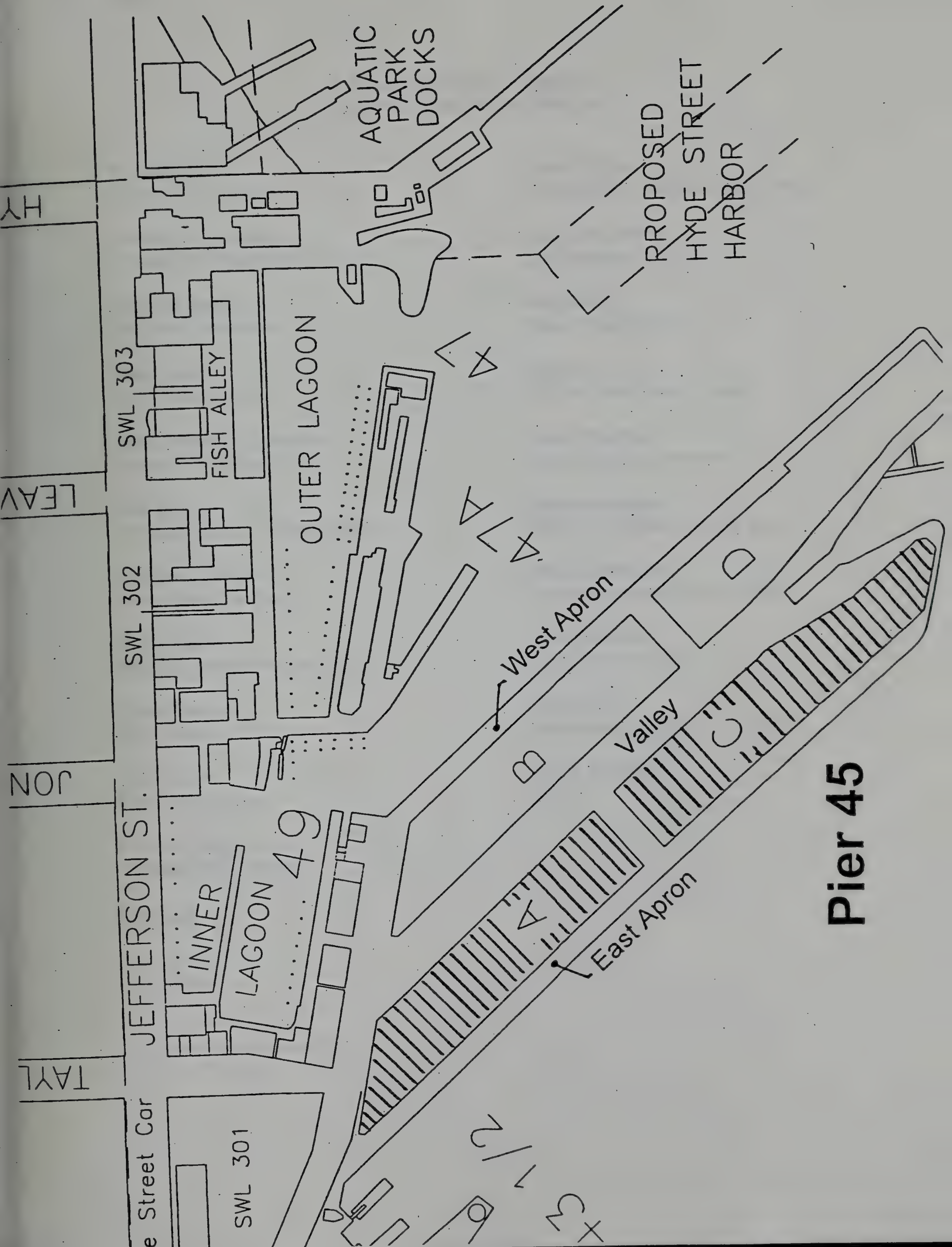
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49
West Apron
Valley
East Apron
A
B
C
D
3 1/2

Pier 45

PIER 45 ADVISORY GROUP
LIST OF CURRENT MEMBERS

Nunzio Alioto
Alioto's # 8 Restaurant

Alessandro Baccari
Fisherman's Wharf Association

Michael Berline
Berline & Associates

John Caito
Caito Fisheries, Inc.

Tom Creedon, Chairman
Scoma's Restaurant

Dale Hess
SF Convention & Visitors Bureau

Michael La Rocca
A. La Rocca Seafood

Kathy Lohan
National Maritime Museum Assn.

Chris Martin
The Cannery

Tom Escher
Red & White Fleet

Leo McLaughlin
Telegraph Hill Dwellers

Port Staff

Kirk Bennett
Braj Norris

Gentle Blythe
Telegraph Hill Neighborhood Center

Jennifer Clary
San Francisco Tomorrow

Meg Reilly
Nature Conservancy

Bob Miller
SF Crab Boat Owners Assn.

Kevin Westlye
The Franciscan Restaurant

Phil Bentivegna
BUTCHIE B Sport Fishing Boat

Philip DeAndrade
Congresswoman Pelosi's Office

Kurt Jacobsen
H&N Fish Company

Al Herce
Department of Parking & Traffic

David Robinson
SPUR

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PORT OF SAN FRANCISCO

DOUGLAS F. WONG
Executive Director

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Telex 275940 PSF UR
Fax 415 274 0412

MEMORANDUM

March 18, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Resolution Adopting Findings that Pier 27/29 is not needed exclusively for Maritime Industrial Uses and can be utilized for Non-Maritime Uses.

DIRECTORS RECOMMENDATION: APPROVE RESOLUTION.

Background Summary

The Port's Waterfront Land Use Plan identifies certain piers in the northern waterfront as Transitional Maritime Areas in recognition of the changing nature of the maritime industry and of this area of the waterfront. Transitional Maritime Areas are locations where existing maritime operations are encouraged until the area is determined to be no longer required or suitable for maritime use exclusively. Piers 27/29, 15/17 and 19/23 were given this designation. Since completion of the plan, most of the maritime industrial uses that had occupied space at Pier 27/29 have relocated. The remaining maritime-industrial use at this site is a MARAD lay berth ship.

An analysis of the Pier 27/29 facility was conducted to determine its continuing need and its appropriateness for continued exclusive use as a maritime-industrial site. The results of that analysis are attached to this summary. The attached report indicates that trends in the Bay Area cargo handling operations indicate a surplus of space for covered breakbulk operations. In addition the trends indicate that this surplus should increase over the foreseeable future. The report does indicate that, while there is a demand for other maritime-industrial uses (especially space for lay berthing), there are other facilities that are better situated and with some improvements, more appropriate for these uses.

This Print Covers Calendar Item No. **8B**

Consistent with the findings of the report, staff is asking for authorization to begin a process for determining other trust uses for this site. This process would include identifying uses in the Waterfront Land Use Plan most appropriate for the site, determining the demand for those uses, creation of an advisory group to help determine appropriate parameters to govern development of the site, and, if appropriate, the preparation of a Request for Proposals to solicit private interest in developing the site.

In addition, based upon the conclusion of the attached report, Port staff will begin a process of identifying alternative sites, which may be more appropriate for the industrial-maritime uses which have been identified and analyzed in the report. This analysis will include both identifying sites, as well as the capital improvements necessary to make these sites available for the identified uses.

Pier Description

Pier 27/29 was built in 1965 as a breakbulk cargo facility. The construction included the demolition of Pier 25 and the joining of two finger piers into a triangular shaped facility. Until 1997 this facility was operated by Marine Terminals Corporation (MTC) as a breakbulk handling facility, most recently handling newsprint shipments. In 1997 the newsprint operation was relocated to Pier 80. (This operation recently transferred to Oakland at piers operated by the same stevedoring company.)

Other maritime uses temporarily filled the void left by the vacating of the newsprint/breakbulk use. In 1995, Foss Maritime a leading tugboat operator on the Bay began using space at Piers 27/29 to berth tugs and barges. Recently Foss announced that they will be moving their operation to the Port of Richmond to consolidate their operation with other tugboat operations. In 1998 California Sealift Terminals, acting as a port-husbanding agent for the federal government's MARAD operation, began mooring at Pier 27. This use continues on the site. MARAD operates on a small portion of this 365,000 square foot facility. Most of the remainder of Pier 27/29 is currently occupied with non-maritime uses, operating on short term leases (less than two years).

Trends in the Cargo industry

The attached report highlights recent trends in the commercial shipping business. Overall commercial shipping has been on a decline over the last decade with total calls decreasing from 3,669 vessels in 1987 to 2,897 currently. This decline has been particularly acute in the types of cargo that has traditionally been accommodated at Pier 27/29; mainly shed dependent cargo. The amount of shed dependent cargo operating in the Bay has decreased 1.5 million tons in 1977 to 600,000 tons currently. All indications are that this trend will continue.

The Port's own experience verifies this trend. Pier 27/29 had until last year been operated by Marine Terminals Corporation as a newsprint facility. The Port, consistent with a program of consolidating cargo business, moved this operation to Pier 80 at the beginning of 1998. Recently the industry further consolidated its operation and moved to Berths 82-84 in Oakland. At present the Port of San Francisco's breakbulk cargo is composed of

occasional charter ship spot cargoes and imported steel and these all operate at Pier 80. The 394,000 square feet of shed space at Pier 80 is more than adequate to handle the current levels of breakbulk passing through the Port of San Francisco.

While the study focused primarily on breakbulk operations, the historical use for which Pier 27/29 was constructed, it also evaluated other maritime industrial uses. The study indicated a demand for space for some maritime industrial uses. This demand was particularly strongest in lay berthing operations. Lay berthing operations require adequate and improved space to carry on their operations, but very little shed support space. In addition, they are best situated at sites which have easy landside access. Pier 27/29 was evaluated as being an excellent facility but since lay berthing doesn't require large amounts of shed space, Pier 27/29 is too large to be dedicated exclusively for this purpose.

Waterfront Land Use Plan – Transitional Maritime Areas

The Waterfront Land Use Plan includes policies for maritime uses and also identifies "Transitional Maritime Areas." The following section of the Plan describes these issues.

"For a variety of reasons, the cargo shipping-related facilities at Piers 15-17, 19-23 and 27-29 in the northeast waterfront are not likely to continue in cargo use over the long-term. In the northeast waterfront, the transition of inland properties from industrial to residential and commercial uses, coupled with the transformation of The Embarcadero to an urban boulevard, have already hampered cargo shipping operations (particularly convenient truck access to the piers). In addition, dynamic shipping industry trends and restrictions on dredging favor consolidation and centralized cargo operations, which can best be accommodated in the Port's southern waterfront. Although consolidation in the southern waterfront would yield maximum operational efficiency for the cargo shipping industry, this shift could require an initial capital investment for which the Port currently does not have the financial resources. These financial considerations must be addressed before determining whether a Transitional Maritime Area is surplus to the needs of industrial maritime industries.

Although the Waterfront Land Use Plan supports continued cargo-related use of Transitional Maritime Areas for as long as such use is viable, these sites should be considered for mixed-use development if they become surplus to cargo needs. The conversion of these facilities to mixed-use developments will provide additional opportunities to expand commercial and recreation-oriented maritime activities in a setting that will enhance those maritime businesses. Moreover, the development of new commercial activities will provide a source of revenue to help finance maritime activities that are not financially self-supporting, new open spaces and public access."

A review process that considers the following criteria has been conducted and is summarized below. Port staff believes that, on balance, Pier 27/29 is no longer viable exclusively for maritime activities:

Q. Are there limitations regarding the site location, on-site structures and improvements, or other site characteristics that no longer enable the facility to be operated exclusively for maritime activities?

A. Based on the report, there are only four maritime industrial uses that would be suitable for consideration as exclusive uses at Pier 27/29; cargo sourcing, freight ferries, escort tugs and commercial and government ship lay berthing.

Cargo Sourcing
While the shed is very desirable, there are locational problems with the pier for cargo sourcing, including access to freeways and rail, traffic congestion on The Embarcadero, and proximity to shippers. The locational problems make the pier not well suited for cargo sourcing as an exclusive use.

Potential locations for this use include Pier 50, Pier 80, Pier 90-92 and Pier 94-96, due to their size configuration and location near freeway and rail connections.

Freight Ferries
The demand for space for freight ferry space is uncertain at this time making it infeasible to dedicate the entire 365,000 square foot pier to this use.

This use could be accommodated at Pier 48 or Pier 50, or possibly at Piers 26 and 28, depending on how close to downtown the facility needs to be.

Tugs
This would be suitable for continued use of the pier, and may add character to the use of the pier for other uses. The space requirements for tugs are fairly limited. There are numerous other locations throughout the northern waterfront for tugboat berthing, however.

As mentioned in the Roger Peters report, there are 11 potential berths available and 14 different locations to serve the needs of the tugboat industry.

Lay Berthing
The pier is suitable for lay berthing, but this would prevent the reuse of the pier for other uses.

The inventory of potential lay berths includes Pier 50, Pier 70 and Pier 90-92 which may be more suitable than the other berths identified in the Peters report.

Q. Are there off-site conditions beyond the control of the Port Commission that have rendered the site unsuitable for exclusive use for maritime activities?

A. Yes, they include the overall decline in bulk cargo shipments in San Francisco and the Bay Area and the consolidation of operations in other locations.

Q. Are alternative facilities available which would enhance the viability of the maritime activities?

A. Yes, there are numerous alternate facilities that are available (or could be made available) to enhance the viability of maritime activities. The report identifies an extensive inventory of Port of San Francisco sites that could be made suitable for these uses, and the Waterfront Plan already identifies them as reserved for maritime uses. (See attached map of maritime areas of the Port).

The most compelling point is that Pier 80 has already been improved as a marine terminal facility and is being operated by Marine Terminal Corporations as an "Omni Terminal" that handles containerized, bulk and neobulk cargo. Pier 80 is operating at a fraction of its total cargo capacity, and can accommodate significant growth in all types of cargo.

Q. Would continuation of maritime activities on the site require excessive Port resources, resulting in a significant financial hardship and/or operational inefficiency for the Port?

A. Yes, continuation of exclusive use of the pier for maritime industrial uses would require excessive Port resources and would prevent the Port from generating revenues from recreational and commercial development at the site. These revenues in turn would support the investment needed in other Port facilities to make them more viable for maritime industrial uses, as provided for in the Waterfront Land Use Plan.

Q. Have all reasonable measures been taken to provide alternate facilities that meet the operational needs of both the maritime operator and the Port, including meeting financial requirements to make the necessary capital improvements at new locations?

A. All reasonable measures have been taken to provide alternate facilities for marine operations that had been accommodated at the pier. The marine terminal operator of Pier 27/29 has already relocated their newsprint operation to Pier 80 at a consolidated terminal and actually further consolidated by transferring it to Oakland.

Additional Financial Considerations

Lay Berths

The major costs to improve other Port lay berth locations to a condition suitable for this use are for dredging and fender and apron repairs. In the Port's Capital Plan, nearly $4 million has been allocated in the past two years for dredging of berths (at Pier 80 and Pier 70). Numerous potential lay berth locations were identified in the report, including Pier 50, Pier 70, and Pier 90-92.

Depending on the water depth required and on the quality of the dredge spoils, dredging a lay berth could cost $500,000 to $1,500,000. Additionally, fender and apron repairs, depending on the condition of the pier could add up to $300,000-$400,000 to the cost of developing a lay berth.

A detailed study will be undertaken to locate another feasible lay berth location for the Maritime Administration ship currently berthed at Pier 27-29. The cost of the relocation of the MARAD may be a responsibility of the developer.

Conclusions and Recommendations

Conclusions

Based on the analysis conducted by the consultant, staff has made the following determinations.

1) Staff believes that the shed buildings at Pier 27-29 are surplus to the cargo related and maritime industrial needs of the Port, are no longer required for shipping related uses and it is no longer economically or operationally viable to continue in exclusive maritime industrial use.

2) Staff believes that the berths at Pier 27 is not surplus to the maritime needs of the Port and should be retained. Any redevelopment on Pier 27 must be compatible with and must accommodate certain types of berthing. The operational requirements of industrial lay berths (such as MARAD) are not compatible with redevelopment of the pier to provide public access around the perimeter.

Recommendations

Staff recommends that:

1) The Pier 27 and 29 sheds be determined to be surplus to the cargo-related and maritime industrial needs of the Port.

2) The berth at Pier 27 be determined to not be surplus to the maritime needs of the Port, and that the redevelopment of the pier be compatible with the retention of the berth for certain types of vessels.

Staff also recommends that the following processes also be commenced:

1) In recognition of a continuing need for certain types of maritime industrial facilities, identified in the attached report, staff will prepare a maritime industrial plan for the southern waterfront, including an evaluation of existing facilities, especially in the southern waterfront that may be able to accommodate these needs. A draft scope of work for this effort is attached as an Exhibit. This plan include both an evaluation of appropriate sites, as well as an estimation of the capital improvements that may be necessary to make these sites available for maritime-industrial uses.

2) A Maritime Advisory Panel be established to work with the Port in the preparation of the maritime-industrial plan. The panel should include representatives from organized labor, commercial shipping, stevedoring and marine terminal operators, ground transportation companies, port tenants, other maritime industrial users and the public.

3) An advisory group be established to evaluate alternative uses for the facility, pursuant to the Waterfront Plan. This advisory group would limit its evaluation to trust uses consistent with those designated in the Waterfront Land Use Plan. These uses would include commercial and recreational uses, including commercial maritime uses, such as marinas.

4) Staff should work with BCDC, Save the Bay, City Planning and the community in further defining open space, historic preservation and pier removal objectives for this site. If appropriate uses can be determined for the site, then staff should seek approval from the Port Commission to issue a Request For Qualifications/Proposals for private developers to bid on developing the site for these uses.

Prepared by: Paul Osmundson, Director of Planning and
Development

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-03

WHEREAS, Under the City and County of San Francisco Charter, Section B.3581 the Port of San Francisco has the authority and duty to use and conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction: and

WHEREAS, Under the Waterfront Land Use Plan, adopted by the Port of San Francisco by Resolution 97-50, Piers 27/29 were designated as a transitional maritime expansion area in response to the determination that this facility may no longer be suitable for exclusive maritime activities; and

WHEREAS, Consistent with the Waterfront Land Use Plan a review process has been conducted to determine if on balance Pier 27/29 is no longer viable for exclusive maritime activities and this review process has been conducted and determined that:

1. The site characteristics, including the size and location of the facility, limit the ability to operate exclusively as a maritime facility.

2. The market for break bulk cargo operations is declining and consolidation of operations is occurring throughout the Bay Area.

3. With some capital improvements, existing alternative facilities could be utilized to meet demand for maritime industrial uses.

4. Continued operation of this facility exclusively for a maritime industrial use would be an underutilization of the site; now, therefore, be it

RESOLVED, that the Port Commission finds that the shed buildings at Pier 27 and Pier 29 are surplus to the cargo related and maritime industrial needs of the Port of San Francisco; and be it further

RESOLVED, that the berth at Pier 27 is not surplus to the maritime needs of the Port, and is needed for the berthing needs of the Port due to its size, condition, water depth and configuration; and be it further

RESOLVED, that any future redevelopment of Pier 27 be compatible with berthing at Pier 27, with the exception of industrial lay berthing which has operational requirements that are not compatible public access and commercial uses; and be it further

RESOLVED, that the Port will establish a Maritime Advisory Panel to work with the Port to develop a maritime industrial plan for the Port, with membership in the group to include (but not be limited to) organized labor, marine terminal operators, cargo shipping users, other maritime industrial users, ground transportation companies, and the public; and be it further

RESOLVED, that the Port Commission hereby authorizes and directs Port staff to consider other trust uses for Piers 27/29 consistent with the Waterfront Land Use Plan.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 23, 1999.

____

Secretary

MARITIME-INDUSTRIAL PLAN
SCOPE OF WORK

1. Market Opportunity

    - Analyze, quantify and assess trends for existing maritime-industrial uses
    - Identify potential maritime-industrial uses
    - Develop a target-market portfolio

2. Industry Advisory Group (IAG)

    - Create a maritime-industrial advisory group made up of representatives of the target markets

3. Geographic, Land and Water Needs Assessment

    - Assess Geographic Needs: location, customer service areas, market access
    - Assess Land Needs: warehouse space, open space, stringer characteristics, office space, internal dynamics, utilities, security, communications, synergies and compatibility with other industrial, commercial and recreational uses
    - Assess Water Needs: water depth, channels, dredging, aids to navigation, vessel traffic systems

4. Available Maritime-Industrial Sites (including creative reuse of existing Port facilities and the Hunters Point Ship Yard)

    - Map properties suitable for maritime-industrial use, including zoning, existing tenancies and uses, land transportation access (rail and truck), adjacent uses, development plans
    - Review and update facility condition surveys
    - Apply target-market portfolio to available facilities

5. Compatibility with Concurrent Local and Regional Land Use Planning Efforts

    - Maintain close planning liaison with the Planning Department, the Redevelopment Agency, the Transportation Authority, MUNI, Parking and Traffic, and BCDC
    - Conform Maritime-Industrial Plan with other planning efforts

6. Infrastructure Requirements

    - Assess truck, rail and waterborne access: traffic signals, turning radii, truck parking and services, vertical clearances, truck routes, bridges, rail crossings
    - Initiate and implement corrective actions

7. Community and Environmental Impacts and Acceptance

   - Meet with effected neighborhood groups to identify local concerns
   - Review and revise Maritime-Industrial Plan to mitigate impacts

8. Management Plan

   - Survey maritime-industrial rates, markets, advantages and disadvantages of other Bay Area waterfront land owners
   - Create revenue and expense proxies for target-market uses
   - Identify resources necessary to implement plan
   - Prepare a proactive marketing plan for target-market portfolio

9. Capital Requirements

   - Identify funds and strategies necessary to implement plan, including cross-subsidy opportunities with commercial development

H:\maritime-industrial plan.doc

PORT OF SAN FRANCISCO

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MEMORANDUM

March 23, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Award Contract to Martin Associates to Prepare an Economic Impact Report for the Port.

DIRECTOR'S RECOMMENDATION: Approve Resolution to Award Contract to Martin Associates to Prepare an Economic Impact Report for the Port.

Background

Port staff is recommending the selection of Martin Associates to prepare an economic impact report for the Port. This recommendation is based on the scoring by the selection panel using the evaluation criteria included in the Request for Proposal for Consultant to Prepare an Economic Impact Report for the Port ("RFP").

It is anticipated that the report will take approximately 4-6 months to prepare. The Report will describe the Port's role in the regional and San Francisco economies, and will assess the present Port activities, including, but not limited to, 1) Port industries, 2) Port users, 3) Port tenants, and 4) construction projects. In addition to producing an economic impact report, Martin Associates will provide an input/output computer model together with an instruction manual. The initial report will serve as a benchmark study that Port staff can then update from year to year in-house. The model will also be used to evaluate alternative leasing strategies, investment alternatives, and to model future development projects. We expect that the report and model will need to be updated approximately every four years.

The report is intended for use by Port staff, the general public, Port users and tenants, legislators, and regulatory agencies.

Martin Associates was established in 1985, and specializes as transportation economic consultants. They have extensive experience with a wide variety of port clients including the Ports of Oakland, Seattle, Portland, Vancouver, Baltimore, Houston, Richmond (VA), and Port Everglades (FL). Their Bay Area experience includes the San Francisco Airport, the San Jose Airport, and the Oakland Airport and Port.

Martin Associates fee for providing this service will be $81,100. Funds are available in the current year budget to fund this project.

Selection Process

The RFP was approved by the Port Commission by Resolution #98-115 on December 10, 1998. It was issued on December 28, 1998, and advertised in the Bond Buyer and the San Francisco Independent. A Pre-proposal conference was held at the Port offices on January 11, 1998. Four proposals were received on January 28, 1999.

The proposals were evaluated using the criteria listed in the RFP. All four respondents were selected to be interviewed. Martin Associates was ranked number one by all five panel members. Martin Associates meets all city requirements, including the equal benefits ordinance requirements.

Prepared by: Stephanie Downs, Finance Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-22

WHEREAS, The Port Commission authorized the issuance of a Request for Proposals for a Consultant to Prepare an Economic Impact Report ("RFP") by Resolution 98-115 on December 10, 1998 for the purpose of selecting a consultant to perform this service; and

WHEREAS, The Port issued an RFP on December 28, 1998 for the purpose of selecting a consultant to perform this service; and

WHEREAS, The Port received four proposals on January 28, 1999, and all respondents were interviewed; and

WHEREAS, Based on the scoring of the selection panel using the evaluation criteria in the RFP, Martin Associates was the highest ranked firm; therefore be it

RESOLVED, That the Port Commission approves the selection Martin Associates to prepare an economic impact report for the Port; and be it further

RESOLVED, That the Executive Director is hereby authorized to negotiate a one year contract to provide this service.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 1999.

____
Secretary

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
MARCH 23, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:20 p.m. The following Commissioners were in attendance: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - March 9, 1999 Special Meeting
- March 9, 1999 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the March 9, 1999 Special Meeting were adopted.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the March 9, 1999 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

(1) Report on Supervisor Sue Bierman's support for the proposal to name the ferry plaza as "Harry Bridges Plaza."

Mr. Wong read the attached letter from Supervisor Bierman supporting the naming of the plaza in front of the Ferry Building in honor of Harry Bridges.

The following individuals seconded the sentiments expressed in Supervisor Bierman's letter and endorsed the naming of the plaza in honor of Harry Bridges:

- Grif Fariello, Harry Bridges Plaza Committee
- Laurie Truitt, Golden Gateway Apartments resident
- Richard and Roxanne Mead, Harry Bridges Plaza Committee and member of ILWU Local 10
- Frank McMurray, Inland Boatmen's Union

Vicky Berol spoke in opposition of naming the waterfront plaza in honor of Harry Bridges.

Commissioner McWilliams made the following comments: It is more than appropriate to name the plaza in honor of Harry Bridges. The brand of unionism that Harry practiced and brought to working people in this country and all over the world made a huge difference in people's ability to work and live in dignity in this capitalistic society. People all over the world know who Harry Bridges was and he made an important impact in their lives and the lives of working people everywhere. There is no better tribute for working people in this City than to name this plaza after Harry Bridges and hold a place of prominence in this City. He was glad to hear the comments and the support for naming this plaza after Harry Bridges. In the early days of the waterfront, all of the events that shaped early San Francisco history happened around the Ferry Building. Some of the worst abuses and some of the greatest victories happened in front of the Ferry Building. It is most appropriate that the plaza be named after Harry Bridges.

Commissioner Lee seconded Commissioner McWilliams comments and supported the naming of the plaza in honor of Harry Bridges.

Commissioner Hardeman commented that San Francisco should be lucky to have Harry Bridges come to our City, live the American dream, and make the sacrifices he made. To name the plaza after him is a small token of our appreciation.

Commissioner McCarthy agreed with the Commissioners. She added that Herb Caen and the late Commissioner Jim Herman would have agreed to this designation as well. She directed staff to look into this matter and bring the item back to the Commission for action.

(2) Ballpark Soil Remediation: The soil at the Giants' ballpark has been conclusively classified as hazardous waste by California regulations. It is being transported by rail to an approved landfill in Utah, in accordance with all applicable regulations.

4. CONSENT CALENDAR

A. Consent to assignment of pipeline agreement by Pacific Gas & Electric Company to Southern Energy Potrero, L.L.C., for premises adjacent to the Potrero Power Plant, and authorization to execute letter agreement regarding pipeline agreement and related matters at Potrero Power Plant. (Resolution No. 99-23)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-23 was adopted.

5. MARITIME

6. REAL ESTATE

A. Approval of lease for surface parking between the Port and Allright Cal, Inc. at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (collectively, "Parcel 2"). (Resolution No. 99-21)

Mr. Philip Smith, Director of Real Estate, indicated that on April 28, 1998 the Port Commission approved Resolution No. 98-73, authorizing Port staff to offer through competitive bidding two parcels located in the Northeastern Waterfront and one parcel located in the Central Waterfront, for operation of surface public parking lots. The process was to culminate in three separate leases, each with a term of two years. The successful bidder(s) would be those who proposed the highest rent for each parcel and who met the minimum qualifications for experience and financial standing.

On August 26,1998 a pre-bid conference was held, which included a site tour of the parking facilities. The due date for submittal of bids was September 15, 1998, at which time the bids were opened and ranked in order of highest bid. Copies of the bid results were sent to the Port Commission for review. The high bidders for the three parcels are listed below:

Parcel 1. (Seawall Lot 322-I)	
San Francisco Parking, Inc.	$39,217.00
Parcel 2. (Seawall Lots 321, 323 and 324)	
Allright Cal, Inc.	$67,198.00
Parcel 3. (Seawall Lot 330)	
Richard Stein, dba: City Parking Company	$47,096.00

The Port Commission has approved the two leases for Parcels 1 and 3. Port Staff is now prepared to request Port Commission approval of Lease No. L-12664 for Parcel 2 (Seawall Lots 321, 323, 324) located at Embarcadero, Broadway and Green Streets. The proposed lease terms and conditions are as follows:

(1) Tenant: Allright Cal., Inc. (Lease #L-12664)

(2) Premises: Approximately 101,587 square feet of Seawall 321, 323, 324; with option by Port to expand if space north of the Ferry Building becomes available for surface parking operations. For expansion site operations, tenant shall pay to the Port percentage rent equal to 66% of gross receipts, after parking tax.

(3) Term: Two (2) years

(4) Monthly Rent: $ 67,198.00 per month with annual CPI adjustment.

(5) Hotel Development Site. Tenant acknowledges that the planning and pre-construction phases of such a project, and the activities associated with the project may require the Port and/or developer to enter the site to conduct pre-development inspections and surveys. Said activities may include, but are not limited to, geotechnical studies, utility surveys, soils testing, seismic evaluation and miscellaneous site data collection. Port shall give Tenant five (5) days prior written notice of Port's intent to enter Premises for conducting of said surveys or studies.

The Lease includes the following additional provisions: In addition to Worker's Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance, the Tenant must also carry Garage Liability and Garage Keeper's Insurance with a limit of not less than one million dollars ($1,000,000).

Tenant is required to pay highest general prevailing wages in accordance with prevailing wage rates adopted by the San Francisco Board of Supervisors pursuant to Section 6.37 of the San Francisco Administrative Code. Additionally, since this parcel is designated as a future development site, the Port shall retain the right to recapture the premises upon sixty (60) days written notice to the operator.

Increase Revenue Analysis

LOCATION	CURRENT BASE RENT	NEW BASE RENT	% INCREASE
SWL 321, 323, 324 (PARCEL 2)	$ 38,060.00	$ 67,198.00	76.56 %

Total Annual Base Rent from the lease will be $806,376.00.

Under Charter Sections 2.110 and 9.118, leases having anticipated revenue to the City of one million dollars or more are subject to approval by the Board of Supervisors. This lease will require approval by the Board of Supervisors because the lease will generate over one million dollars during its two-year term.

Staff recommends that the Port Commission approve the attached resolution authorizing the Executive Director of the Port to enter into this lease, for a two-year term, with Allright Cal., Inc. for the operation of a public parking lot at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets. Mr. Smith acknowledged the efforts of Mark Lozovoy and Jeff Bauer.

Joel Yodowitz, attorney for Allright Parking, indicated that Central Parking and Allright Parking will be consolidated. He assured the Commission that union employees will staff the lots within 30 days of commencement of operations under the new contract.

Mark Gleason, Teamster Local 665, indicated that he just learned about the recent consolidation of the two companies. Because of their labor agreement and the collective bargaining issues with Central Parking, Mr. Gleason could not endorse or oppose the item and offered no other comments.

Commissioner McCarthy asked about the conditional approval allowing the Public Market Collaborative to operate at the site on weekends. Mr. Smith indicated that the Tenant shall allow the San Francisco Market Collaborative to operate a farmer's market on the weekends within the leased Premises on Seawall Lot 321 and shall not interfere with their activities thereon. The Market hours of operation will be Saturday 6:00 A.M. to 3:30 P.M. and Sunday 7:00 A.M. to 3:00 P.M.

Mr. Smith indicated that he is very appreciative that the two companies got together and worked out what seems to be an amicable settlement of this issue making the issue of prevailing wage moot. Port staff has also done extensive work regarding prevailing wage in this matter.

Commissioner McCarthy asked who's responsible for monitoring the prevailing wage. Legal Counsel Noreen Ambrose replied that it is a condition of the lease to pay prevailing wage. If a default should occur, someone from the company could bring that matter to the attention of the Port Commission. No one from the Port is assigned to monitor prevailing wage.

Commissioner Hardeman was glad to hear from Allright Parking's attorney that an arrangement, acceptable to both companies, has been worked out.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-21 was adopted.

7. FACILITIES & OPERATIONS

A. Status report on the Pier 98 Wetlands and Public Access Enhancement Project.

Ms. Carol Bach, Project Manager, indicated that the Port Commission approved the contract award for the first phase of construction, which includes site clearing, excavation and grading, and installing a landfill cap, to Bauman Landscape in September 1998. Bauman Landscape began work in December 1998, and is scheduled to be completed by the end of March.

In accordance with previously approved Port Commission resolutions, two local job training and employment organizations, the San Francisco League of Urban Gardeners (SLUG) and the California Conservation Corps (CCC) will complete the remaining improvements: constructing trails, and planting and maintaining native plants. The Commission has previously approved resolutions exempting SLUG and the CCC from competitive bidding requirements for this phase of work. Port staff anticipates requesting authorization to award the contract and begin in April.

This spring, Pier 98 will be re-opened to the public. The name, Pier 98, does not reflect the site's true nature as a unique natural habitat and community resource. Each public program at Pier 98 has invited participants to suggest a name for this newly enhanced wetland and park. From the many suggestions, five possible names were presented to the Southern Waterfront Advisory Committee to choose one name. Observing that from an aerial view, the Pier 98 peninsula is shaped like a bird's head, members of the committee chose *Heron's Head Park*. Ms. Bach requested Commission's input regarding an appropriate name, and proposed to bring a resolution to the Port Commission, formally adopting a new name at a future Commission meeting.

Damien Raffa, community and education programs coordinator for Pier 98, indicated that since January 1998, he has been working with Port staff, through an internship with the City College of San Francisco, to develop community and educational programs at Pier 98. The response to this effort has been tremendous: more than 300 local residents, teachers and students from pre-school through community college have visited and studied the wetlands at Pier 98 during the past year. More than 20 residents of the Bayview-Hunter's Point community participated in a two-day training in wetlands conservation at Pier 98, sponsored by the California Coastal Conservancy.

Mr. Raffa recently obtained federal grant funds, awarded to the Southeast Alliance for Environmental Justice, to hire and train local residents to assist with public participation and educational programs. The four "team leaders" will be working with Mr. Raffa for the next six months to promote appreciation and understanding of the natural history of wetlands through public and school programs at Pier 98.

Commissioner Brandon asked when it will be officially opened. Ms. Bach replied that although some parts of the project will not yet be completed, there will be an official ribbon cutting in May. Landscaping of the project is going to occur in phases over a two-year period.

Jennifer Clary, San Francisco Tomorrow, indicated that SFT is a member of the Alliance for Clean Waterfront. She commented that this is a wonderful project and the kind of project that they want the Port to do more on the waterfront and thanked Carol Bach and Damien Raffa for the public outreach and all the work that they have done.

B. Informational Briefing on the Downtown Ferry Terminal Project.

Nita Mizushima, Project Manager, provided the Commission a briefing on the Downtown Ferry Terminal Project. Port staff met with the Ferry Building developer and coordinated the Ferry Building Renovation, Pier One, Hornblower and the Downtown Ferry Terminal projects. Staff has reviewed the project goals and eliminated any overlaps between the projects and prioritize the improvements. They also looked at the functionality of the terminals to reflect the priorities that were stated in the Bay Area Council Report for the Water Transit Initiative. They have deferred most of the interior building improvements to the Ferry Building Renovation Project as well as some of the site improvements on the exterior of the south arcade. Staff is also currently reviewing any further need for weather protection for the ferry passengers, which will be concluded in the next few weeks. The total cost of the project remains the same and funding is available from federal and state grants. Not constructing some of the improvements inside the building would allow Port staff to construct more of the additive items. Construction of the South Basin will be done first. After the Ferry Building is vacated, work will then commence on the north side. Reprioritizing all the improvements would be cost effective. Staff will meet with the consultants to revise the contract documents,

amend their contract and advertise the project. Staff hopes to be in construction by September of this year.

Commissioner Lee asked about the completion date of the project. Ms. Mizushima responded that the project completion will be dependent on when the building is vacated. Staff anticipates having the majority of the project completed by April 2001.

8. PLANNING & DEVELOPMENT

A. Informational presentation on the Pier 45 Advisory Group.

Mr. Kirk Bennett, Manager of the Waterfront Development Projects, indicated that in January 1996, Port staff established the Pier 45 Advisory Group made up of representatives of various constituencies comprising the Fisherman's Wharf community. On October 14, 1997, the Port Commission adopted the guidelines recommended by the Pier 45 Advisory Group regarding long-term uses for Pier 45 Sheds A and C.

A subsequent meeting was held in November 1997 to discuss interim uses for Pier 45 shed A including the Chinese Lantern Festival and the Spirit of Flight Exposition. The Pier 45 Advisory Group reconvened in November 1998 to provide review and recommendations to the Port Commission pursuant to Resolution No. 97-83. At ensuing meetings, some of the motions approved by the Pier 45 Advisory Group include:

- The Port should not issue an RFP for the development of Pier 45 Shed A until the Pier 45 Advisory Group formulates a recommendation for the development concept to be included in the RFP, with the goal of completing these recommendations by May 1999.
- The Advisory Group will focus on uses to be included in the RFP for the long-term development of Pier 45, with a workshop approach on developing these uses.
- At the March 16, 1999, meeting, a resolution was passed to invite representatives of SPUR, Telegraph Hill Dwellers and San Francisco Tomorrow to join the Pier 45 Advisory Group.

The following representatives were designated to the Pier 45 Advisory Group:

SPUR: David Robinson
Telegraph Hill Dwellers: Leo McLaughlin
San Francisco Tomorrow: Jennifer Clary

The next meeting of the Pier 45 Advisory Group will be on March 30, 1999 at Scoma's Restaurant. The focus of this and succeeding meetings will be to provide guidance to Port staff in formulating a development concept for Pier 45 Shed A,

which complies with the Waterfront Land Use Plan and with Resolution 97-83. Port staff will then make a recommendation to the Port Commission as to the development concept to be included in the RFP for Pier 45 Shed A and will seek authorization from the Port Commission to issue an RFP for Pier 45 Shed A. Port staff anticipates seeking this authorization in June 1999.

Dennis Barrie, President of the Malrite Company, indicated that they anxiously await the issuance of an RFP for Pier 45. Over the last several months, they have worked hard on their proposed "San Francisco at the Wharf Project" for Pier 45. Since their initial presentation in November, they have met with dozens of community leaders and organizations, held press conferences, sought public's input and have garnered support for their project. They have incorporated community concerns into their project. Funding is in place for the project. Mr. Barrie provided the Commission a copy of Milton Maltz' letter and read the following excerpts from the letter. He read, "To ensure the Malrite Company's financial commitment to the Port and the City, we have $30 million held in liquid funds at the Bank of New York devoted directly to the "San Francisco at the Wharf" project. ... At your request, senior management at the Bank of New York will be happy to confirm our commitment."

Mr. Barrie reiterated that they are not asking the Port or the City for public funding or subsidy. They are committed to do the project with their own funds. They are anxious to be a part of the community and be a part of the neighborhood. This project will bring jobs to the neighborhood and bring revenues to the Port and to the City. This is a project that will help in the rebirth of a wonderful structure and the continued renaissance of the Fisherman Wharf area. This is a project which is a celebration of the City and its history. This is the new breed of museum. They have the resources in place, both team and financial. He hoped that the Commission will issue a timely RFP for Pier 45.

Jim Reuben, Reuben & Alter, seconded Mr. Barrie's request that the Commission issue an RFP. He read the following excerpts from letters of individuals in support of their project:

Stan Smith: "On behalf of the San Francisco Building and Construction Trades Council, I wanted to let you know that I have a commitment from the representatives of Malrite in regards to their use of union labor for a proposed project at Pier 45. That being the case, I urge you to do what might be necessary to issue an RFP so that Malrite (and perhaps others) might have a chance to respond."

Jim Chappell: "We do not believe there is any reason not to issue an RFP now and indeed there is every reason to do so. Development of Pier 45 will be an important step in opening up the waterfront to all San Franciscans as provided for in the adopted Waterfront Land Use Plan and will also provide needed revenues to the Port and the City. We encourage the Port Commission to act now and issue an

RFP while the economy is such that there are interested developers and financiers who appear to have strong financial credentials and bona fide project concepts."

Mr. Reuben introduced the project team: Ron Foster from Wilbur Smith, Karl Heisler from ESA, Jeff Heller, and Larry Nibbi, contractor and Don Solem of Solem and Associates. Malrite Company: Milton Maltz, Dennis Barrie, Petr Spurney and Patrick Gallagher.

Jim Ross, Solem & Associates, indicated that they have been working with Malrite on their outreach efforts. Malrite has done over 41 individual community meetings since November. They have met with the Pier 45 Advisory Group twice, the California Heritage Council, SPUR, Bay Area Economic Forum, San Francisco Chamber of Commerce, San Francisco Heritage, Black Chamber of Commerce, and Chinese History Museum.

He read the following excerpts from letters of individuals in support of their project:

Dr. Kevin Starr, State Librarian of California: "I am writing this letter to show my support for Malrite Entertainment's plans and ideas for its proposed "San Francisco at the Wharf" project for Shed A at Pier 45. I believe this project will provide an excellent opportunity for the City of San Francisco to highlight its extensive history and create a first-class attraction for locals and visitors alike at Fisherman's Wharf."

Michael McCone, Executive Director of the California Historical Society: "...History, good and solid history, can be presented in an "entertaining" way and I received from you the clear message that you and your colleagues are committed to this direction."

Kevin Westlye, Franciscan Restaurant, indicated that he is in support of the Port issuing an RFP for Pier 45.

Larry Nibbi, Nibbi Brothers Construction, indicated that he is in support of Malrite Project at Pier 45. His firm is signatory to carpenters union agreement and construction labor union agreement. This project will be done as a 100% union project, both contractors and subcontractors. He asked the Commission to issue an RFP as soon as possible.

Pat Walsh, former publisher of the San Francisco Native Magazine and former reporter of the San Francisco Chronicle, indicated that he is in support of the Commission issuing an RFP and of Malrite's project.

Jeffrey Heller, Heller Manus Architects, indicated that he is in favor of seeing an RFP for Pier 45 because it is the right time for it. He joined the team because he believes it will be a very high standard quality project which will raise the standard in the Fisherman's Wharf area. Mr. Heller also lent his name in support of the

Harry Bridges Plaza.

Commissioner Lee inquired when the RFP will be issued. Mr. Bennett replied that the Pier 45 Advisory Group indicated that they did not want to vote for or against the Malrite proposal but wanted to consider the Malrite proposal as part of their review of the appropriate development concept in the next few months. In December, the Advisory Group made a motion that they will try to complete the process by May. They will focus their attention to the development concept for Pier 45 to recommend to the Port Commission.

Commissioner McCarthy asked if that would be the process of putting together the RFP. Mr. Bennett replied that in making staff's recommendation for an RFP, staff will take into consideration the guidance and the input provided by the advisory group pursuant to the Waterfront Plan. What's incorporated into the RFP and the approval of the RFP is within the authority of the Port Commission.

Commissioner McCarthy asked when staff anticipates seeking Commission's approval for issuance of the RFP. Mr. Bennett replied that the advisory group's goal is to complete the review process in May and staff will seek Commission's approval shortly thereafter, perhaps sometime in June. Commissioner McCarthy reiterated the Commission's interest in issuing an RFP for Pier 45.

Executive Director Wong suggested a deadline of the second meeting in June for staff to seek Commission's approval for issuance of an RFP. Commissioner Lee suggested the sooner the better.

Mr. Bennett indicated that the Advisory Group has three new members. At their last meeting, they reiterated the goal of completing their recommendation by the end of May. Port staff expects that the Advisory Group will reach that goal.

Commissioner McCarthy commented that the winner of the RFP process would appreciate having solid support from the advisory group.

B. Resolution adopting findings that Pier 27/29 is not needed exclusively for maritime industrial uses and can be utilized for non-maritime uses. (Resolution No. 99-03)

Mr. Paul Osmundson, Director of Planning and Development, indicated that this item was first brought to the Commission for approval in January. The Commission requested that it be continued pending further analysis and investigation. On February 26, Port staff held a brown-bag lunch presentation and approximately 30 people attended.

The purpose of this item is to determine if Pier 27/29 berth and shed are surplus to cargo and industrial maritime needs of the Port. Mr. Osmundson read the following excerpt from Page 4 of the Waterfront Land Use Plan, "With respect to the Port's cargo shipping operations, the Plan reserves most Port property south of China Basin for cargo or maritime support operations. In addition, a few piers in the

northeast waterfront are still used as cargo shipping-related facilities but are not likely to continue in these uses over the long-term because of industry trends and changing land use patterns. General policies for these northeastern "Transitional Maritime" sites encourage the continued maritime use of the facilities for as long as feasible. However, if it becomes infeasible to maintain these facilities exclusively in maritime use, the Draft Plan promotes relocating these facilities at the Port and permitting a mix of maritime, commercial, recreational and public access uses." The Plan calls for a completion of a Pier 15-29 Special Planning Area Study prior to new development on these piers to determine: (1) how the Port will meet the needs of cargo terminal and related maritime support operations on Pier 15-17, 19-23, 27-29; (2) the location and size of a major new Northeast Wharf open space in this area; (3) the allowable locations of configuration of piers between 15 and 29.

The Waterfront Land Use Plan identified Pier 27/29 as Transitional Maritime Area, developable for a mix of maritime, commercial, recreation and public access uses if it is no longer needed exclusively for maritime use. The Port closed Pier 27/29 in early 1998 and consolidated marine terminal operations at Pier 80. The current economic climate presents opportunities for maritime mixed-use projects with major public access.

Roger Peters, former Port Maritime Manager, prepared the analysis. Pier 27/29 was built as a breakbulk terminal in 1965. The Bay Area non-containerized cargo volumes have decreased by over 50% in the last 20 years. In 1997, San Francisco breakbulk cargo volumes were about 30% of 1990 volumes. Pier 27/29's long distance to and from cargo origins and destinations, lack of freight rail access and constrained truck access compromise its utility as a breakbulk terminal.

The shed is surplus to the maritime-industrial needs of the Port. The shed is no longer required for shipping related uses, no longer economically or operationally viable to continue in exclusive maritime industry. Berth is not surplus to maritime needs of the Port. In general, berthing is compatible with on-pier development and will be retained at Pier 27. However, the operational requirements of long-term layberthing (e.g. MARAD) would be precluded.

The Port spent $33 million in capital improvements to maritime facilities: $20 million for container terminal improvements; $9.6 million in capital projects in progress of which 56% are for maritime, dredging and pier improvements; $3.6 million in maritime improvements for the 1999-2000 capital plan.

The Port's Maritime accomplishments are as follows: (1) New 5-year terminal operating agreement for cruise operations; (2) Agreement renewed for the Foreign Trade Zone; (3) $750,000 in annual revenue to berth seven military ready-reserve ships; (4) New San Francisco Drydock lease, including Port funds to support the industry; and (5) Marine terminal agreement with MTC no longer requires Port subsidy.

The Waterfront Plan sets aside areas in the Southern and Northern Waterfront for

maritime uses. The questions that must be answered for the Commission to determine whether or not this facility is surplus to the cargo-related needs are as follows:

Q. Are there limitations regarding site location, on-site structures and improvements, or other site characteristics that no longer enable Pier 27/29 to be operated exclusively for maritime industrial uses?
- Inconvenient location and transportation access to and from cargo destinations.
- Good neighbor conflicts between industrial operations and adjacent or nearby downtown, commercial, and residential neighborhoods and districts.
- Only three maritime industrial uses suitable for Pier 27-29, but none need the entire pier:
  - Freight Ferries – unproven current demand
  - Tugs – numerous other locations available along northern waterfront
  - Lay Berthing – suitable for certain types of lay berthing, which could be compatible with other uses.

Q. Are there off-site conditions, beyond the control of the Port, that have rendered the site unsuitable for exclusive use for maritime-industrial uses?
- The industry consensus is that the overall decline of bulk cargo shipments in the Bay Area and in San Francisco, and the consolidation of operations in other locations, are factors beyond the Port's control that have reduced the overall demand for maritime industrial buildings such as Pier 27/29.

Q. Are alternate facilities available which would enhance the viability of maritime-industrial uses?
- Numerous alternate facilities area available to enhance the viability of maritime activities (Piers 48, 50, 54, 70, 80, 90-92, and 94-96) with approximately 1,766,000 sq. ft.

Q. Are alternate facilities available which would enhance the viability of maritime-industrial uses?
- Numerous alternate facilities are available to enhance the viability of maritime activities such as Piers 70, 90-92, 94 Expansion and the Western Pacific site.

Q. Would continuation of maritime-industrial uses at Pier 27/29 require excessive Port resources which would result in significant financial hardship and/or operational inefficiencies for the Port?
- Pier 27/29 would be underutilized if reserved exclusively for maritime industrial uses.
- This would prevent the Port from generating revenues from recreational and commercial development at the site, which supports capital improvements in other Port facilities more viable for maritime industrial uses, as provided for in the Waterfront Land Use Plan.

Q. Have all reasonable measures been taken to provide alternate facilities that meet the operational needs of both the maritime operator and the Port, including meeting financial requirements to make the necessary capital improvements at the new location?

- Yes, Port's existing, modern cargo terminals continue to be underutilized.
- Marine terminal operator of Pier 27/29 has already relocated their newsprint operation to Pier 80.
- Additional facilities identified in the Waterfront Plan have been reserved for maritime use.
- Port has spent 50-60% of capital funds on maritime in past several years - projections are for net income to be between $8-12 million for the next five years. Port will have resources available, and will commit when needed for maritime users.

Mr. Osmundson provided the Commission a copy and read excerpts from the Seaport Plan regarding the availability of property in the southern waterfront - "Port Priority Use Areas" are reserved for regional maritime port use and include within their premises marine terminals and directly related ancillary activities such as container freight stations, transit sheds and other temporary storage, ship repairing, support transportation uses including trucking and railroad yards, freight forwarders, government offices related to the port activity, chandlers and marine services. Land reserved for port priority use will not be developed for marine terminals at once, but over a period of years.

Uses that would impair the future use of a port priority use area that is not currently used for port purposes may be allowed only on a finite, interim basis. Interim uses should be of a nature that allows the site to be converted to port use when it is needed for marine terminal development or other port priority use. The length of the interim use period should be determined on a case-by-case basis for each site and proposed use. Factors to be considered in determining the length of the interim use should include, but are not limited to: (1) the amortization period of investments associated with the proposed use; (2) the lead time necessary to convert the site to the designated marine terminal or port use; and (3) the need for the site as measured by the Bay Area volume of the cargo type specified to be handled at that site and the available capacity at other Ports in the Bay Area to accept the specified cargo.

The Port's Maintenance facility located at Pier 50, Shed B was conditionally permitted by BCDC because those properties are designated for marine terminals and Port priority uses.

Mr. Osmundson recommended the following:

- Pier 27/29 sheds be determined surplus to cargo related and maritime industrial needs of the Port;

- The berth at Pier 27 be determined to not be surplus to maritime needs of the Port and the redevelopment of the pier be compatible with the retention of the berth for certain types of vessels.

Mr. Osmundson also recommended that the following processes be commenced:

- Staff will prepare a maritime industrial plan for the southern waterfront.
- A Maritime Advisory Panel be established to work with the Port in the preparation of the maritime-industrial plan. The panel should include representatives from organized labor, commercial shipping, etc.
- An advisory group be established to evaluate alternative uses for Pier 27/29, pursuant to the Waterfront Plan. Port staff is in support of expanding the scope of the advisory group pursuant to the comments from the public.
- Staff should work with BCDC, Save the Bay, City Planning and the community in defining open space, etc.

Mr. Osmundson clarified the approach staff is taking pursuant to the Waterfront Plan. Staff believes that the determination whether or not the pier is surplus to maritime is the first and critical step. With respect to the rest of the open space planning, it was clear that the first priority for the Port in this area was maritime, which is the reason why these areas were set aside and not included in the detailed planning for pier and open space. It was a specific acknowledgement that there were existing cargo-related uses at the breakbulk terminal. Staff believes that consolidation presents a better opportunity to make that decision clear and move forward with the special planning study. Staff has been working with BCDC on the special planning study and it is expected to be concluded this year.

One of the questions that may arise relates to other maritime uses, not maritime industrial uses but the cruise industry or other recreational maritime uses. He indicated that Commissioners Lee and McWilliams were not seated at the time when the Commission approved and directed staff to select Pier 30/32 and not Pier 27/29 as a future site for a cruise ship terminal. Staff will provide a status report regarding Pier 30/32 at the next Commission meeting. Staff has been meeting with the South Beach CAC regarding this project.

Roger Peters, a strong supporter of maritime activity and former Port employee, summarized his analysis. The study was conducted to determine whether or not Pier 27/29 should be kept in exclusive maritime industrial use. He interviewed people familiar with the waterfront and looked at available published material. He evaluated and rated the maritime industrial market opportunities to prepare an inventory of San Francisco and Bay Area maritime industrial facilities and to analyze the exclusive maritime industrial uses of Pier 27/29. Maritime has been categorized as maritime-industrial, maritime-commercial, or maritime-recreational. The major findings of his study are as follows:

- 21% decline in Bay Area commercial vessel calls in the last 20 years. The Bay

Area has major issues associated with its viability as a maritime generalized cargo.
- A significant (50-60%) decline in breakbulk coming to the Bay Area in the last 20 years.
- Pier 27/29 is inappropriate for other kinds of shipping needs.
- Pier 27/29 is inappropriate for most harbor service type of activities.
- Pier 27/29 is the closest facility to the Golden Gate Bridge and to the oil terminals in the East Bay.
- Pier 27/29 is an ideal location for layberthing business. San Francisco has an inventory for these kinds of uses of 11-½ excess berths. Each of them has its own set of limitations but with decisions by the Port and the Commission on how to proceed and with capital expenditures associated, the excess capacity of the Port is adequate to meet the maritime industrial needs.

Mr. Peters indicated that Pier 27/29 is a good facility but in the wrong place. Other locations for potential warehouses and berthing facilities to meet market needs are available. Staff should commence a comprehensive maritime industrial plan which can be proactive in terms of where maritime industrial types of activities should occur. Additionally, the Port should consider a review and development of a competitive maritime industrial leasing policy. He recommended that the de-designation of Pier 27/29 for exclusive maritime industrial use is appropriate for the Commission to adopt.

Jim Wiltshire, Marine Terminals, indicated they are in joint venture with the Port at Pier 80. The idea is to see whether or not, as a joint venture, dual marketing can be done. His company has a good reputation for worldwide marketing. Several years ago, they have identified (by carrier, trade roads, man-hours and by volume) each and every piece of cargo that were in and out of the West Coast. By the use of this detailed background, they are comforted in knowing our position with our competitors. By identifying each and every parcel, they feel they have a pretty good handle on where to go, what to do, what is feasible and what is a good potential new user for San Francisco Port. The amount of cargo that is being induced to containers versus breakbulk is quite conservative. They found that the swing to containerization is greater. The amount of breakbulk they have identified that would be compatible to this side of the bay is almost nil. He has five projects that are good potential customers for San Francisco and all five are container customers. He does not have one potential customer today that is identified as breakbulk customer.

Jennifer Clary, San Francisco Tomorrow, thanked Port staff and Roger Peters for the briefing. She asked if this is an either/or proposition - either all or zero maritime industrial. She suggested looking at how different kinds of maritime industrial should work together. In reading the resolution, she noted that the Port is taking away maritime options from Pier 27/29. She asked that the "resolved" clauses she faxed to the Commission be included in the resolution. She also asked that "maritime industrial" should be substituted in place of maritime. Instead of

saying that Pier 27/29 shed building may be surplus to cargo, it should state ... they are surplus to exclusive cargo related and maritime industrial needs. She asked for clarification of the interim use leasing policies in the southern waterfront and how it can help or hinder the maritime industrial plan.

Corinne Woods, waterfront resident, indicated that she faxed the Commission revisions and asked that they be incorporated into the resolution. BCDC, the Port, Save San Francisco Bay and the public will be looking at the entire northern waterfront plan figuring out where major open spaces will be and will put together a concept plan that will allow the Port to develop in areas not designated as public open space. The analysis that Mr. Peters performed in concert with Port staff is appropriate as well as the study that Port staff is working on with BCDC. However, it worries her that Pier 27/29 will be declared surplus to maritime not just maritime industrial and if the James Herman Cruise Terminal does not become a reality at Pier 30/32, there will be no available back-up site. She indicated that the language is confusing and suggested that a maritime panel be established to identify future maritime industrial areas prior to developing RFPs for development at Pier 27/29.

Commissioner McWilliams complimented staff for aggressively promoting maritime in San Francisco. Through the efforts of longshoremen in the bay area, they were able to provide relief aid for Zanzibar. In his dealings with the Mediterranean shipping corporation, the word out on the street is that Port staff is aggressively pursuing Mediterranean shipping companies to call at the Port and was instrumental in their decision to call in the bay area but they ended up calling in Oakland. This is the message that is going out in the shipping community all over the world. This is different from when the Port shut down the tunnel project. That was a clear message to the world that the Port is not interested in maritime. He is in favor of the proposal to maintain the berth and the establishment of the maritime industrial panel but is dismayed at the continued shrinkage of maritime resource in San Francisco. An RFP will be issued if the Commission decides to de-designate Pier 27/29 a surplus to maritime. Developments can happen alongside or adjacent to the waterfront; however, only some type of maritime activity need to be on the waterfront. He was concerned about the cruise terminal proposal at Pier 30/32 because it is not a done deal. If for some reason it falls apart, Pier 27/29 is an ideal place for it. Until that is resolved, he asked that this discussion be continued.

Commissioner McWilliams indicated that the industrial maritime jobs have an impact in the community and a powerful economic engine for the Port community. He is concerned about the erosion of waterfront facilities and the shrinkage of maritime commitment. Unless the issue of cruise terminal is put to bed, he is against considering any other usage of Pier 27/29. Maritime is in transition and will continue to be. He concluded that Pier 27/29 be maintained in the maritime resource until some of the other issues are resolved.

Commissioner McCarthy indicated that when she was first appointed to the Commission she was amazed at the industrial cargo maritime operations. She

wholeheartedly supports more maritime at the Port. In fact, the Port subsidized millions of dollars for maritime operation although it was shrinking dramatically. She realized that people in San Francisco did not understand all the issues surrounding maritime and the significant changes that were happening and had happened. The issues were discussed during the Waterfront Plan process and the writing has been on the wall for a long time. In reading the staff report, she learned that those sheds are no longer needed and will not be needed for maritime industrial uses. She also learned about the numerous potential alternative maritime piers at the Port. There are many piers at the Port that are in very good shape. Commissioner Herman rallied to have Port staff focus its attention to Pier 80 for maritime operations, which staff has done. She believes that the time is right to continue to invest the capital improvements to maintain and expand the Port's current business. She suggested adding a clause in the resolution that revenues from future development on Pier 27/29 help fund capital improvements required for maritime industrial uses and cargo expansion.

Commissioner McWilliams indicated that it is unfair to the Port and Port staff to be held at bottom line on the financial statement. It's unfair that the Port cannot take more credit for the economy it generates. He is worried that many of the decisions made tend to answer that pressure on the bottom line of the Port's financial statement rather than what goes on with the community. He indicated that this is not a criticism of staff by any means but the reality that it's one of the rules and parameters that staff has to work within. He asked for more time to consider this matter. He might draw the same conclusions or might vote in the affirmative if all his questions are answered in the best interest of the community and the future of maritime for San Francisco. He encouraged the Commissioners to put this vote off until the issue of the passenger terminal at Pier 30/32 is finalized.

Commissioner Brandon inquired about the status of the RFP process for Pier 30/32. Mr. Osmundson replied that staff intends to provide the Commission a status report at its next meeting and will request Commission's approval for the issuance of an RFP at its meeting in May. One of the factors the Commission took into consideration in its decision to select Pier 30/32 for the passenger cruise terminal was its physical location. The Commission also took into consideration how the cruise terminal will be financed. Port staff has successfully identified grant funds that meet public objectives such as the fishing industry, commuter ferries, ship repair industry, recreational boating industry, public boating, etc. Those funds, however, are not available for cargo. Staff strategize to borrow funds, issue bonds and build the terminals, which is a very wise, long-term investment of the Port's resources. Five or six years ago, seven of the Port's top ten rent payers or shipping lines left the Port which threatened our ability to meet public needs. There are no public grant funds available for the cruise industry. Funding strategy must include commercial development as the economic engine to pay for those public improvements. That objective can most satisfactorily be achieved at Pier 30/32. The Commission's decision to have the cruise terminal at Pier 30/32 is appropriate and staff intends to move that project in advance of the reuse of Pier 27/29. A number

of public processes need to commence before the Commission can make any final decisions.

Commissioner McCarthy asked that the following resolved clauses (provided by Christopher Martin and Corinne Woods) be incorporated into the resolution.

"Resolved, that the Port Commission hereby authorizes and directs Port staff to establish an advisory group for the Northeastern Waterfront whose responsibilities will include public review of the Draft Concept Agreement among the Port, BCDC and Save the Bay, the Special Area Plan Study, as well as consideration of other trust uses for Pier 27/29. This advisory group will limit its evaluation to trust uses consistent with those designated in the Waterfront Land Use Plan. These uses would include commercial and recreational uses including maritime uses."

"Resolved, that existing alternative maritime facilities on the central and southern waterfront shall be reserved exclusively for maritime industrial uses and cargo facilities expansion, consistent with the Waterfront Land Use Plan."

"Resolved, that revenues from future development on Pier 27/29 help fund capital improvements required for maritime industrial uses and cargo expansion."

Legal Counsel Ambrose indicated that if the Commission creates an advisory board, it would be subject to the Brown Act and subject to the 72-hour agenda notice.

Commissioner McWilliams indicated that the first amendment is out of order because it is not exclusive to the issue in front of the Commission and should be treated as a separate motion.

Legal Counsel Noreen Ambrose opined that Commissioner McWilliams' comment about the first matter not being exclusive to Pier 27/29 raises a Sunshine Ordinance issue in that the Commission has not properly noticed it for action.

Mr. Kutnick, Director of Finance & Administration, clarified the issue of dedicating funds from development revenues generated at Pier 27/29 to Pier 30/32 capital improvements. The Port's bond company stipulates that monies cannot be siphoned off to any specific project. Monies are dedicated and should go to operations first. All revenues of the Port contribute to the surplus available from operations. After satisfying the Port's requirements for reserves, the money goes towards capital improvements. The money does not go anywhere else.

After further discussion, Commissioner McCarthy rescinded the amendments she made to the resolution.

Commissioner McCarthy asked Mr. Osmundson to provide a status report on the committee at a future date. Mr. Osmundson concurred and added that staff will coordinate with Corinne Woods and SFT about the scope and nature of work.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. Four of the Commissioners were in favor; Commissioner McWilliams cast the dissenting vote. Resolution No. 99-03 was adopted.

9. FINANCE & ADMINISTRATION

A. Authorization to award Contract to Martin Associates to Prepare an Economic Impact Report for the Port. (Resolution No. 99-22)

Mr. Ben Kutnick, Director of Finance and Administration, recommended the selection of Martin Associates to prepare an economic impact report for the Port. The report will take approximately 4-6 months to prepare. The report will provide an opportunity to inform the public what the Port contributes to San Francisco and to the region. The report will also provide an input/output model which will be used to evaluate alternative leasing strategies, investment alternatives and to model future development projects. It will serve as a benchmark study that Port staff can update from year to year. Mr. Kutnick indicated that Martin Associates was selected primarily because of their extensive experience in preparing economic impact reports for seaports such as Port of Oakland, Seattle, Portland, Vancouver, Baltimore, Houston, Richmond VA and various other ports.

Mr. John Martin, Martin Associates, indicated that the impact model they plan to develop will fit well with the previous discussion and the Pan Pacific Expo Project. They plan to focus on the maritime industry (cargo) which would allow them to look at alternative terminals, configuration of terminals, tradeoff between breakbulk and container facilities, impacts of various jobs, tax impacts, cruise models, alternative of maritime uses, comparison of economic benefits, etc.

Commissioner McWilliams suggested that Mr. Martin come up with a report that would look great for maritime. He also offered to provide some input to the report. He gave his observations regarding the Port of Oakland's plans for the new configuration of the waterfront and the JIT (joint intermodal terminal). Their plan looks great and exciting but has a number of flaws. The plan at the Oakland Intermodal Yard provides an opportunity to build a better mouse trap and create something that is not available anywhere else. Whether it's feasible or not, someday it will be. The plan has no consideration to have any barge adjacent to the rail terminal. According to a report, 20% of the children in West Oakland suffers from respiratory problems due to diesel emissions.

Commissioner McWilliams noted that in conjunction with increasing the Port's ability to create value in maritime trade, it is important that the Commission be able to provide input and inquiries about the issues and possibilities.

Mr. Martin indicated that the economic impact analysis is a snapshot and it provides a model that would look at various scenarios Commissioner McWilliams mentioned. The scenarios have to be valid, based on detailed market assessment, which they are not doing as part of the study. In terms of the overall projections

for growth and development for container operations in the Bay Area vis-à-vis, Los Angeles, Long Beach, they will look at the economic impact not at competitive market conditions. That would be something that would enter into running the container throughputs as the Port develop their own set of forecast.

Commissioner McWilliams indicated that the forecast is the reason an economic impact report is being done. Mr. Martin replied that they are not doing the forecast; the model just gives the snapshot but also gives the structure that one can take input for container throughputs or breakbulk throughputs or various scenarios of industrial development and look at what those impacts would be in the future.

Commissioner McWilliams inquired about the benefits of the economic impact report to the Port. Mr. Martin replied that the model would have been useful at looking at various uses for Pier 27/29 in terms of the jobs that could be dedicated for maritime operations (industrial or cruise terminal). The report would show not just the revenue but which would have the greatest impact to the community. The model will be used for alternative decision making.

Commissioner McWilliams asked how it differs from the forecast. Mr. Martin replied that they do not have to develop the scenarios; they would have to work up the scenarios with Port staff which would be used with the model that they will develop.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-22 was adopted.

10. NEW BUSINESS / PUBLIC COMMENT

Comments from Merylin Wong and Bill Stephens are attached. Ms. Merylin Wong requested that a written request from the Port of San Francisco to Senator Feinstein is needed to actively pursue appropriate funding for this project.

Commissioner McWilliams & McCarthy asked the Executive Director to have staff work with the group and present their recommendation at a future meeting.

Edwin Wilkerson, President of the San Francisco Veterans Affairs Commission, endorsed this project a few years ago and still firmly supports it now

The meeting was adjourned at 7:20 p.m.

March 23, 1999 New Business/Public Comment
Notes of Merylin Wong address to the Port Commission

Merylin Wong, native of San Francisco, founding member of the Historic Ships Memorial at Pacific Square, sole applicant for custodianship of the historic vessel, USS IOWA, for use as a premier, interactive, living history memorial.

The project is a rare opportunity of national consequence and global appeal and will have unprecedented value and impact on the Port of San Francisco and the bay area.

IOWA – namesake of the most powerful and fastest class of battleships constructed by the American people – commissioned in 1943 built a cost of $130 million, and considered to be the greatest ship launched by our nation.

Historical Significance:

- Present at Tokyo Bay – served as communications ship for the Broadcast of the surrender ceremony on board USS Missouri, marking the end of the greatest conflict in human history, WWII.
- Only naval ship with a presidential bathtub, a personal vestige to one of our nation's most famous presidents, Franklin Delano Roosevelt.
- Chosen as flagship for the 100th anniversary of the Statue of Liberty.
- Site of tragedy where 47 men perished in a terrible accidental explosion ten years ago.
- IOWA was in San Francisco 54 years ago for overhaul and repair.
- IOWA was in San Francisco 52 years ago for National Maritime Week
- During service spanning over a quarter of our nation's history, each of the IOWAs have visited San Francisco.
- May 10, 1986 was the last time Iowa class battleship came to San Francisco – USS Missouri came to Piers 30/32 – 10,000 flocked to see her.
- Four years ago in this very room, Port Commission resolution dedicated Piers 30/32 for the long-term berth of USS Missouri.

IOWA can be a catalyst for waterfront development, rationale for building, serving to maximize pier valuations. She will be a new unique destination for visitors old and new. People will come to, stay longer in San Francisco to specifically see IOWA.

This is San Francisco's last chance. Soon the fate of the four Iowa class battleships will be decided. USS New Jersey was legislated exclusively to New Jersey. USS Wisconsin was relocated to Virginia through the efforts of Senator John Warner. USS Missouri was awarded to Pearl Harbor. IOWA represents the last and final opportunity for the City to place such a historic ship here, it will be the first museum of its kind, honoring those who served and died both during war and peacetime.

There are 44 naval ship memorials in US, six of them battleships, anchors. USS Missouri became the 45th. Opened to the public in January 1999, she attracts 1,500 per day, annualized 500,000 plus. She is a success.

Mayor Brown writes, “I was excited to hear of the Historic Ships Memorial pursuit of the battleship, USS IOWA, for the San Francisco Port. I am in full support of bringing the USS IOWA to San Francisco. The USS IOWA would be a stunning addition to San Francisco’s waterfront.”

March 23 marks a day of achievement and significance in San Francisco’s efforts to place an Iowa-class battleship here. Exactly one year ago on her beautiful teak decks that I participated with dozen others across the states to present San Francisco’s formal bid to the US Navy to acquire IOWA. We are pleased to report that this application meets all the initial requirements of the US Navy. The event was covered by ABC-TV. Since then news about IOWA and San Francisco appeared in The New York Times, The Wall Street Journal, The Washington Post, Des Moines Register, San Francisco Examiner and Chronicle.

Today, March 23, we must answer the question what piers are available for her anticipated arrival in the year 2000. A letter from an official body of the City must be written – Mayor Brown, Port of San Francisco, Port Commission – to express their support in writing to Senator Feinstein who will make the request for appropriations.

March 23, 1999 New Business/Public Comment
Notes of Bill Stephens address to the Port Commission

Bill Stephens, Executive Vice President & Director, Historic Ships Memorial at Pacific Square. Background - cruise ship operations, from cruise capital of the world, Miami, currently analyst, Federal Reserve Bank of San Francisco. Primary author of formal application to bring USS Missouri to San Francisco. Primary author of formal application to bring IOWA to San Francisco.

IOWA enjoys Congressional endorsement – the 1999 Defense Authorization Bill expressed that "it is the sense of Congress that the USS IOWA be homeported in San Francisco, California."

SHIP STATUS: IOWA is currently in reserve status. In this condition, the following facts should be kept in mind:

- Though currently a "moth balled" mobilization asset, visitors will be allowed on weather decks. Some incursion within the skin of the ship may be permitted.
- Navy maintains vessel at its expense.
- IOWA is expected to revert from reserve to donation status by 2003, according to the Secretary of Navy, Richard Danzig. The change could come as early as next year. (This would position HSMPS for custodianship of IOWA).

PROPOSED BERTHS: Most immediate berths are Piers 30/32. Navy would improve pier (pilings, fenders, and bumpers) up to $2.5 million. These improvements are transferable to any cruise ship operations that one day occur at Piers 30/32. IOWA would remain here till Pier 35 became available. (Should a new cruise ship center be built on Piers 30/32, this would free Pier 35). If Piers 30/32 are redeveloped, IOWA can stay (through the construction period) on the bay side. Ultimate berthing site, is Pier 35, west side. All agree that IOWA would be enormously successful at Fisherman's Wharf.

PIER COSTS: Both Piers 35 and 30/32 have been engineered by HSMPS. Cost to ready them for IOWA range from $1 million to $2.5 million. Tow costs are $1.5 million.

ECONOMIC VIABILITY AND NET RETURNS: This is a very robust economic project. In reserve status, the Navy pays to maintains IOWA. When in donation status, IOWA's break-even point hovers between a visitor count of 350,000 and 400,000 and she shows a profit of $1.6 million at 550,000. Should attendance reach 1 million, the project shows a net income of $5.2 million.

This is a very economically strong project, based on high visitation expected due to:

1. San Francisco is America's most visited City.
2. In a Port sponsored survey, Economic Research Associates projected annual patronage to peak at 525,000.
3. Berth sites are near tourist centers, civic facilities along a redeveloped waterfront.

At projected first year's annual attendance of 550,000 (based on a 1995 Port-commissioned Research report of an "Iowa-class" battleship at Piers 30/32), IOWA will generate substantial income to the Port of San Francisco. These monies are based off a 6% charge on all gross revenues. In reserve status, annual revenues for 550,000 visitors payable to the Port are expected to approximate $478,000. In donation status as a museum and memorial, annual payments to the account of the Port will approximate $607,000 based on a yearly attendance of 550,000. If attendance reaches 1 million, annual Port revenue streams reach $867,000. The USS Constitution in Boston sees over 1.2 million visitors annually. Currently, the USS Missouri in Honolulu is seeing 1,500 visitors daily in a city with a much smaller tourist base than San Francisco.

OTHER BENEFITS:

- Earthquake Command and Control Facility to control recovery efforts in the Bay Area after an earthquake and to be a shelter.
- Net revenues should be available for other non-profit activities. This represents a Marshall Plan for charities.
- Job development will occur, as IOWA will eventually directly employ 30 people. Hundreds more will be impacted in associated industries.
- There will be community development, IOWA will be the quarter deck of the City, available for social functions. Her numerous workshops set the stage for an excellent vocational training program.
- IOWA related transactions will improve municipal tax base.

CONGRESSIONAL SUPPORT: The IOWA project enjoys considerable Congressional support:

- Amendment to the 1999 Defense Authorization Bill expressing the sense of Congress that the USS IOWA be homeported in San Francisco.
- Congressional Support includes:
  - ✓ Senator Dianne Feinstein
  - ✓ Senator Barbara Boxer
  - ✓ Congresswoman Nancy Pelosi
  - ✓ Congresswoman Ellen Tauscher
  - ✓ Congresswoman Lynn Woolsey
  - ✓ Congressman Tom Lantos
  - ✓ Congressman Tom Campbell

Senator Dianne Feinstein is prepared to introduce legislation to appropriate funds to tow IOWA to San Francisco and repair a suitable pier to berth the battleship. She requires a letter from a municipal entity or representative requesting the funds for IOWA. She suggested that the request come from either the office of Mayor or the Port of San Francisco. Mr. Stephens stressed that this request should be filed as soon as possible. The period for establishing appropriation allotments is now at hand. Mr. Stephens reiterated that this was San Francisco's chance to get one of our nation's most valued assets. Congresswoman Nancy Pelosi also appears supportive.

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